

COUNTY OF FAUQUIER, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2019



Prepared by:

**The Fauquier County Government and Public Schools
Department of Finance**



**COUNTY OF FAUQUIER, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
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TABLE OF CONTENTS

INTRODUCTORY SECTION	<u>Page</u>
Letter of Transmittal.....	1 - 12
GFOA Certificate of Achievement for Excellence in Financial Reporting	13
Organizational Chart	14
Principal Officials	15
 FINANCIAL SECTION	
Independent Auditors' Report	17 - 19
Management's Discussion and Analysis	21- 36
Basic Financial Statements	
Government-wide Financial Statements	
Exhibit 1 Statement of Net Position	40 - 41
Exhibit 2 Statement of Activities	42 - 43
Fund Financial Statements	
Exhibit 3 Balance Sheet – Governmental Funds	47
Exhibit 4 Reconciliation of the Balance Sheet of the Governmental Funds to the Statement of Net Position	48
Exhibit 5 Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	49
Exhibit 6 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds to the Statement of Activities.....	50
Exhibit 7 Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	51- 54
Exhibit 8 Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Fire and Rescue Fund.....	55
Exhibit 9 Statement of Net Position – Proprietary Funds.....	56 - 57
Exhibit 10 Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds	58
Exhibit 11 Statement of Cash Flows – Proprietary Funds.....	59
Exhibit 12 Statement of Fiduciary Net Position – Fiduciary Funds.....	60

TABLE OF CONTENTS (CONTINUED)

	<u>Page</u>
Exhibit 13 Statement of Changes in Fiduciary Net Position – Other Postemployment Benefit Plans Fund	61
Notes to Financial Statements	
Note 1 Summary of Significant Accounting Policies	65 - 78
Note 2 Cash, Cash Equivalents, and Investments.....	78 - 81
Note 3 Receivables	82 - 83
Note 4 Interfund Receivables and Payables	84
Note 5 Interfund Transfers	84
Note 6 Due From Other Governmental Units	85
Note 7 Capital Assets.....	85 - 88
Note 8 Long-Term Obligations.....	88 - 96
Note 9 Commitments	96 - 98
Note 10 Commitments Under Non-Capitalized Leases.....	98
Note 11 Tax Abatements.....	99 - 101
Note 12 Landfill Closure and Postclosure Care Costs	101
Note 13 Virginia Retirement System Pension Plan	102 - 113
Note 14 Other Postemployment Benefits Program	114 - 129
Note 15 Fund Balances.....	130 - 131
Note 16 Risk Management	131 - 132
Note 17 Related Organizations and Jointly Governed Organizations	132 - 134
Note 18 Surety Bonds.....	134 - 135
Note 19 Claims and Litigation	135
Note 20 Subsequent Events	135
Required Supplementary Information	
Exhibit 14 Schedule of Funding Progress and Employer Contributions – Fauquier County Other Postemployment Benefits Plans – Virginia Retirement System Pension and Other Postemployment Benefits Programs.....	139 - 144
Exhibit 15 Schedule of Changes in Net Pension Liability and Related Ratios.....	145 - 146

TABLE OF CONTENTS (CONTINUED)

Page

Exhibit 16	Schedule of Changes in Net OPEB Liability and Related Ratios.....	147 - 150
------------	---	-----------

Exhibit 17	Schedule of the Proportionate Share – Virginia Retirement Systems’ Net Pension and Net OPEB Liability.....	151
------------	---	-----

Combining and Individual Fund Financial Statements and Schedules

Capital Projects Fund

Exhibit 18	Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Capital Projects Fund.....	156 - 157
------------	--	-----------

Debt Service Fund

Exhibit 19	Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Debt Service Fund.....	161
------------	--	-----

Nonmajor Governmental Funds

Exhibit 20	Combining Balance Sheet – Nonmajor Governmental Funds.....	164 - 165
------------	--	-----------

Exhibit 21	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds.....	166 - 167
------------	---	-----------

Exhibit 22	Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Nonmajor Governmental Funds – Conservation Easement Service District Fund.....	168
------------	---	-----

Exhibit 23	Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Nonmajor Governmental Funds – Ambulance Revenue Fund.....	169
------------	---	-----

Exhibit 24	Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Nonmajor Governmental Funds – Contributory Agency Grant Fund.....	170
------------	---	-----

Proprietary Funds

Exhibit 25	Combining Statement of Net Position – Internal Service Funds.....	172
------------	---	-----

Exhibit 26	Combining Statement of Revenues, Expenses, and Changes in Net Position – Internal Service Funds.....	173
------------	---	-----

Exhibit 27	Combining Statement of Cash Flows – Internal Service Funds.....	174
------------	---	-----

Fiduciary Funds

Exhibit 28	Combining Statement of Fiduciary Net Position – Agency Funds.....	178 - 179
------------	---	-----------

Exhibit 29	Combining Statement of Changes in Fiduciary Assets and Liabilities – Agency Funds.....	180 - 181
------------	--	-----------

TABLE OF CONTENTS (CONTINUED)

Page

Component Unit – School Board

Exhibit 30	Combining Balance Sheet – Discretely Presented Component Unit – School Board.....	184
Exhibit 31	Reconciliation of the Balance Sheet of the Governmental Funds to the Statement of Net Position – Discretely Presented Component Unit – School Board.....	185
Exhibit 32	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Discretely Presented Component Unit – School Board.....	186
Exhibit 33	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds to the Statement of Activities – Discretely Presented Component Unit – School Board.....	187
Exhibit 34	Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Discretely Presented Component Unit – School Board.....	188 - 191
Exhibit 35	Statement of Fiduciary Net Position – Discretely Presented Component Unit – School Board.....	192
Exhibit 36	Statement of Changes in Fiduciary Net Position – Discretely Presented Component Unit – School Board.....	193
Exhibit 37	Combining Statement of Fiduciary Assets and Liabilities – Discretely Presented Component Unit – School Board – Agency Funds.....	194
Exhibit 38	Combining Statement of Changes in Assets and Liabilities – Discretely Presented Component Unit – School Board – Agency Funds.....	195

STATISTICAL SECTION

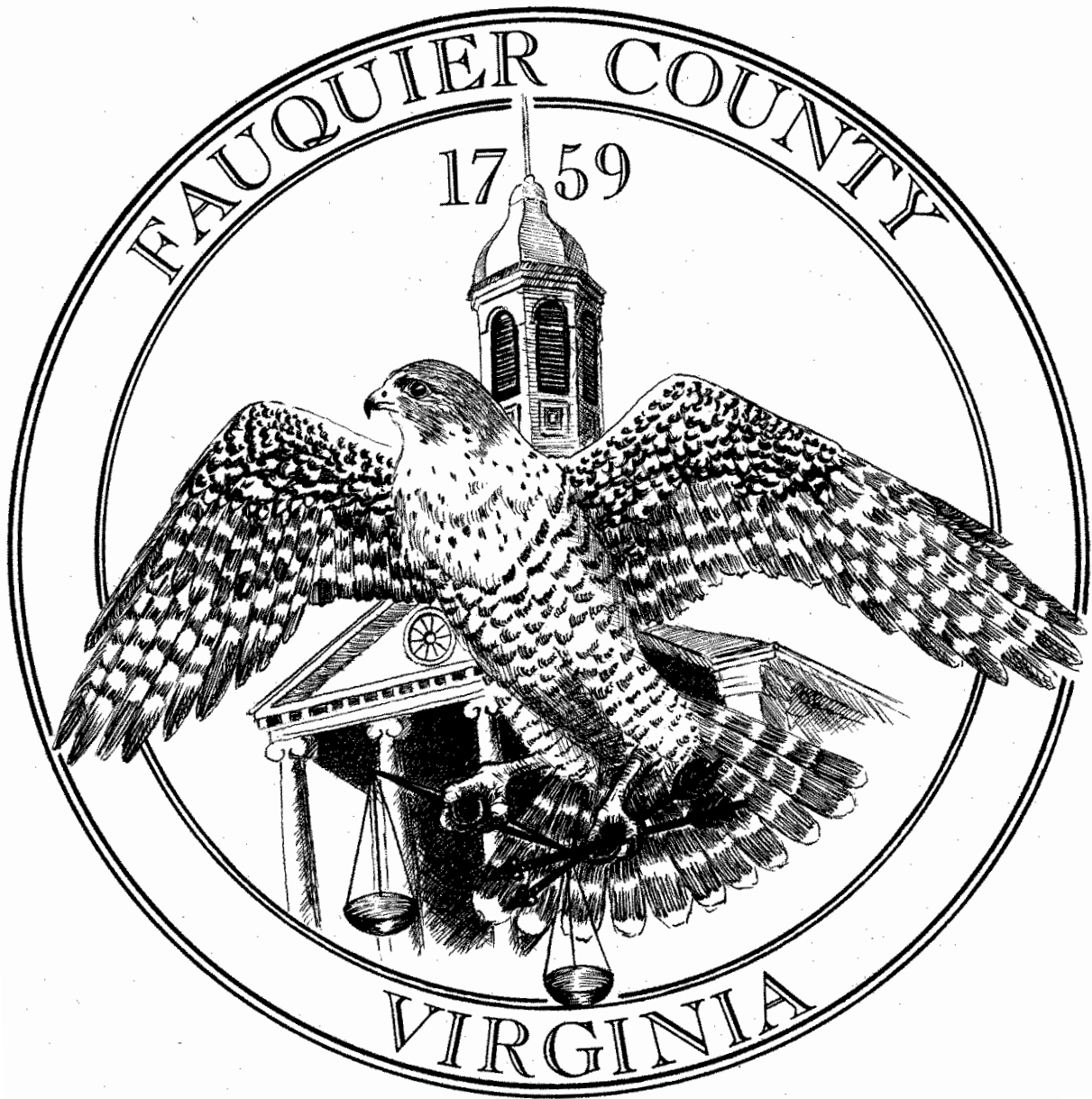
Table 1	Net Position by Component.....	198 - 199
Table 2	Changes in Net Position.....	200 - 203
Table 3	Fund Balances – Governmental Funds.....	204 - 205
Table 4	Changes in Fund Balances – Governmental Funds.....	206 - 209
Table 5-A	Assessed Value and Estimated Actual Value of Taxable Property.....	210 - 211
Table 5-B	Tax Relief for the Elderly.....	210
Table 6	Property Tax Rates for Both Direct and Overlapping Governments.....	212
Table 7-A	Principal Real Property Taxpayers.....	213
Table 7-B	Principal Personal Property Taxpayers.....	213
Table 8	Property Tax Levies and Collections.....	214
Table 9	Ratios of Outstanding Debt by Type.....	215
Table 10	Ratios of General Bonded Debt Outstanding.....	217

TABLE OF CONTENTS (CONTINUED)

	<u>Page</u>
Table 11 County Policy Debt Margin	218 - 219
Table 12 Demographic and Economic Statistics.....	. 220
Table 13 Principal Employers	221
Table 14 County Government Employees by Function	223
Table 15 Operating Indicators by Function	224 - 229
Table 16 Capital Asset Statistics by Function	230

COMPLIANCE SECTION

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	231 - 232
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.....	233 - 234
Schedule of Expenditures of Federal Awards – Primary Government and Discretely Presented Component Unit.....	235 - 236
Notes to Schedule of Expenditures of Federal Awards	237
Schedule of Findings and Questioned Costs	238



Fauquier County Government and Public Schools



FINANCE DEPARTMENT
320 Hospital Drive
Suite 32
Warrenton, VA 20186-3037



Telephone (540) 422-8330

Fax (540) 422-8326

November 30, 2019

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

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of Fauquier County (the County) for the fiscal year ended June 30, 2019. The *Code of Virginia* requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of audited financial statements presented in conformity with accounting principles generally accepted in the United States (GAAP) as established by the Governmental Accounting Standards Board.

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

The County's financial statements have been audited by the firm of Robinson, Farmer, Cox Associates, a firm of licensed certified public accountants, as required by the *Code of Virginia*. The audit was conducted in accordance with generally accepted auditing standards and the Independent Auditors' Report is included as the first component in the Financial Section of this report. The goal of the independent audit was to provide reasonable assurance that the financial statements for the fiscal year ended June 30, 2019 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the County's financial statements are fairly presented in conformity with GAAP.

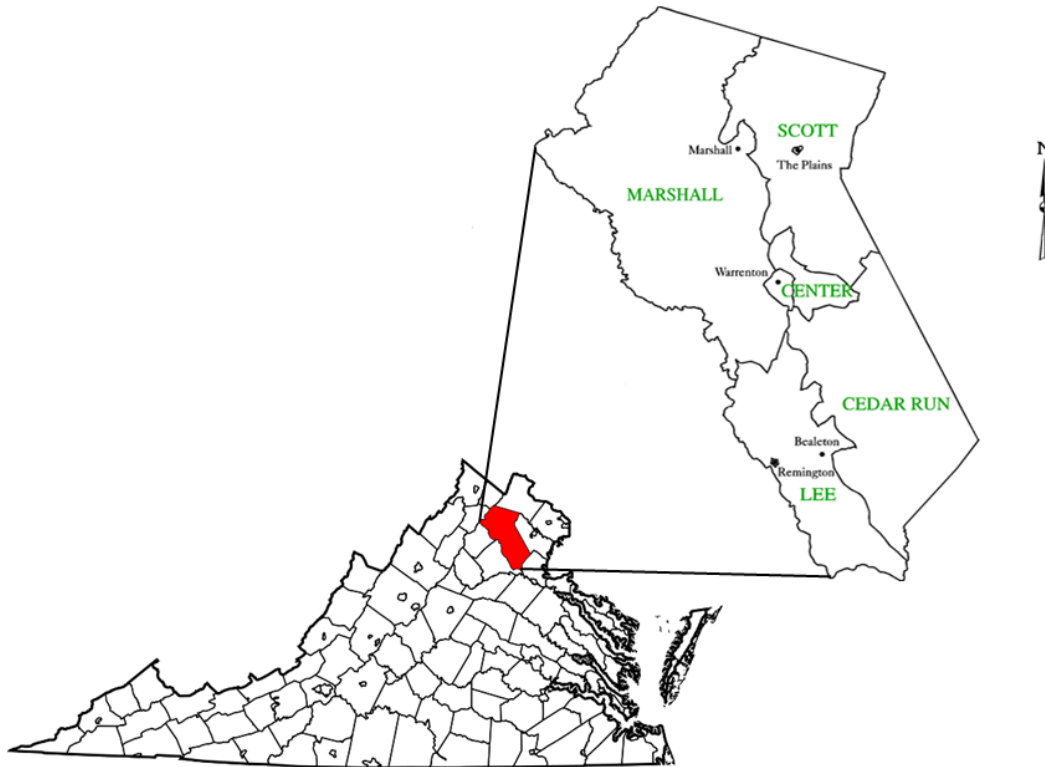
The independent audit of the financial statements of the County was part of a broader federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. The reports are presented in the Compliance Section of this report.

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

MD&A is included in the Financial Section of this report immediately following the report of the independent auditors.

Profile of Fauquier County, Virginia

Fauquier County (the County), incorporated in 1759, is located in the north-central Piedmont region of Virginia, approximately 40 miles southwest of Washington D.C., or 95 miles northwest of Richmond, Virginia, and encompasses approximately 660 square miles.



Population growth, which for many years hovered around 2.0%, has slowed in the past ten years. The population has increased by an average of 0.8% per year since 2010 (last ten years), and 1.0% per year since 2015 (last five years), to the current level of 70,150. Despite population growth, the County remains primarily rural in nature. More than half of the land area within the County is comprised of farmlands and woodlands. Interstate Highway 66 runs east-west through the northern portion of the County. Additionally, five U.S. primary routes and two State primary routes traverse the County.

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

Government

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

policies established by the Board of Supervisors, and directs business and administrative procedures within the County government.

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

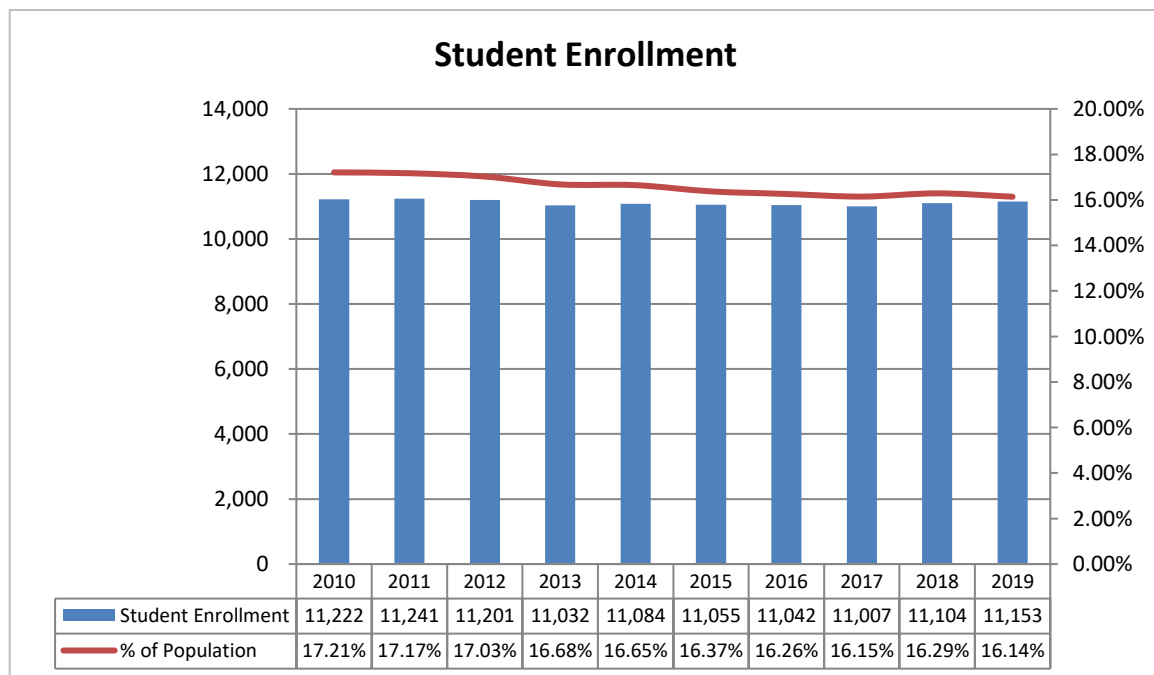
The County provides a full range of services to its residents, including education, public safety, court services, solid waste disposal, community and economic development, parks and recreational activities, public libraries, social services, and general administration. All resources required to support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

School Board

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

The elected School Board is composed of five members who represent the five magisterial districts. The School Board members serve a term of four years, with the Chairman and Vice Chairman of the Board selected annually by the members.

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



The combined enrollment of FCPS as of June 2019 totaled 11,153 students. The above chart shows student enrollment (Data Source - Table 13) which has remained relatively flat between fiscal years 2010 and 2012,

with over 11,200 students enrolled each year during that span. The student enrollment for fiscal year 2013 declined to 11,032 students; however, student enrollment has since remained relatively stable, showing modest changes from one year to the next. The increase from fiscal year 2018 to fiscal year 2019 is the second consecutive increase of significance in the last ten years, and the first consecutive year increase in the last decade.

Budget

Virginia law requires the County to maintain a balanced budget in each fiscal year. The annual budget serves as the foundation for the County's financial planning and control. County departments and agencies begin their budget preparation each year in August. By November, all agencies have submitted their appropriation requests for the fiscal year commencing the following July 1st. The County Administrator submits a proposed capital improvement program in January and the proposed operating and capital budgets in February. The operating and capital budgets include proposed expenditures and the means of financing such expenditures. Public hearings are conducted to obtain citizen comments. Prior to April 1st, the budget is legally enacted through passage of an Appropriations Resolution. The Appropriations Resolution places legal restrictions on expenditures at the fund level and sets budgetary limits for all departments. All budgets are adopted on a basis consistent with GAAP. A budget-to-actual comparison for the general fund is provided in this report in Exhibit 7. Additional budget-to-actual comparisons can be found in the *Combining and Individual Fund Statements* following the *Notes to Financial Statements*.

The *Code of Virginia* requires the appointed Superintendent of the FCPS to submit a budget to the County Board of Supervisors with approval of the School Board. The Superintendent submits a budget plan to the School Board for review in January, and the School Board discusses the budget plan in a series of work sessions and public hearings. In February, the School Board adopts its requested budget and forwards it to the County for inclusion in the County Administrator's proposed budget plan. The County Board of Supervisors reviews the School Board's budget during the month of March, and determines the level of funding for the Schools by the end of the month. If the level of funding determined by the County Board of Supervisors is less than requested, the budget is reworked by the FCPS staff in coordination with the School Board to develop and adopt a revised budget. The approved budget is the basis for operating FCPS in the next fiscal year.

Factors Affecting Financial Condition

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

Local Economy

Fauquier County's housing economy, after having been significantly impacted by the turmoil in the national housing market in comparison to the unprecedented growth that characterized the region in the early part of the last decade, experienced a measured recovery from those dramatic losses from 2010 to 2017; however, as of the latest reassessment, that recovery has now accelerated. After witnessing double-digit annual increases in home values in the early to middle portion of the last decade followed by dramatic declines, the local real estate housing market has consistently improved and continues to be impacted by a recovering economic environment.

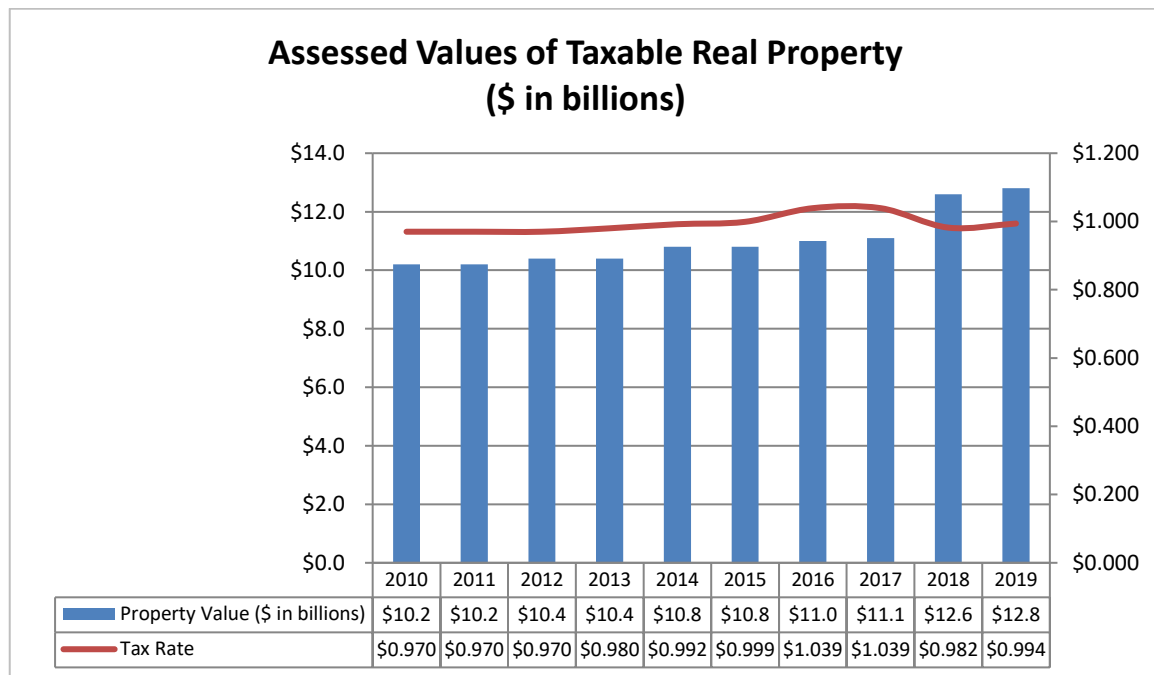
The County's real estate valuation is reassessed on a quadrennial basis. The most recent reassessment was conducted in 2017, effective January 1, 2018, and resulted in an overall increase in assessed values of 13.36% from previous levels. In addition to the improvement in assessed values, increased values from new construction during the fiscal year contributed to a 1.73% increase in overall taxable real property values from a four-year average of \$10.60 billion from 2012 to 2015 to \$11.86 billion from 2016 to 2019.

The current assessed values show varying trends among different classes of property, with residential values up by 1.1% from the prior year, while commercial and agricultural values were each up 0.3% over the previous year. Public service values increased by 16.9% compared with the prior year. This marked the fifth time since 2014 that the County saw increases in at least three of four classes of real property in the same year, and the third time in the last five years that all four classes increased in the same year. The comparably higher increase associated with public service values are less impactful since this class of real estate comprises approximately 5.8% of the total assessed values of property in the County, while the

increases associated with residential, commercial, and agricultural properties, while a much lower percentage, was more significant since these classes of real estate represent 94.2% of total assessed values of property in the County.

These trends demonstrate a more robust and significant recovery in the housing market since than has been seen in recent years. In fact, the annualized growth rate of total assessed values of all taxable real estate in the County has been 2.6% since the low point in 2010, while the recovery rate for personal property has been more vigorous, at an annualized increase of 5.0% per year.

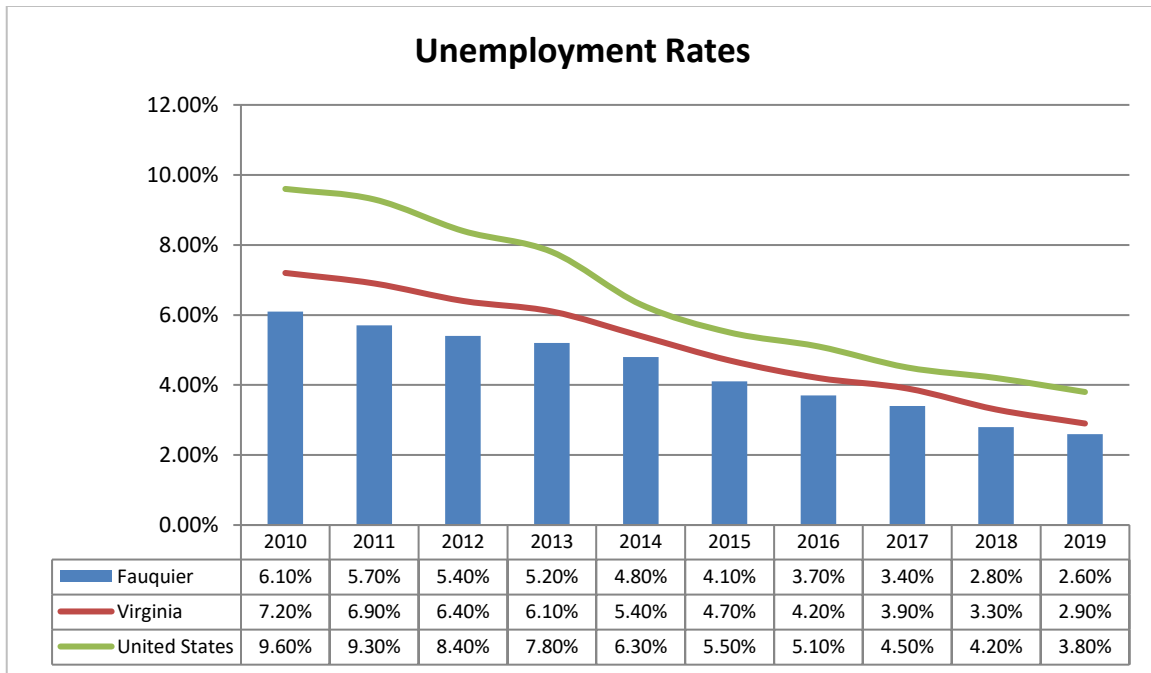
The relatively slow rate of growth in assessed values since the low point in 2010, coupled with increasing costs of services, necessitated real property tax rate increases from \$0.97 in 2010 to \$1.039 in 2016; these increases were necessary to ensure that the County received sufficient revenue to maintain services and meet its obligations. In 2018 however, the real property tax rate decreased to \$0.982 per \$100 in assessed values. In 2019, in order to keep up with increased costs of providing services, the tax rate was increased slightly to \$0.994 per \$100 in assessed values, a 1.2% increase. The graph below shows varying property values and corresponding tax rates for the last ten years.



The collection rate for property tax levies within the fiscal year of the levy decreased slightly in fiscal year 2019 to 98.84% compared with 98.93% in fiscal year 2018.

The County's unemployment rate trends mirror the state and national rate trends; however, the County's rates generally tend to be lower. The County's proximity to the federal government and its affiliated contractor industries has provided some mitigation of the economic decline experienced in other regions during the mid-to-late 2000's. As of June 2019, 53.8% of the County's total population participated in the labor force (37,765 out of 70,150), and 97.4% of the civilian labor force was employed (36,783 out of 37,765).

The County's unemployment rate is 2.6% as of June 2019. This figure is below last year's rate of 2.8%, and marks the ninth straight year of improvement since 2010. Additionally, the County unemployment rate continues to be below Virginia's unemployment rate of 2.9% as well as the National unemployment rate of 3.8%, though as those rates continue to fall, the gap between them has shrunk as well. The data reflects modest job growth, as the economy continues its recovery from the economic downturn of 2009 through 2011.

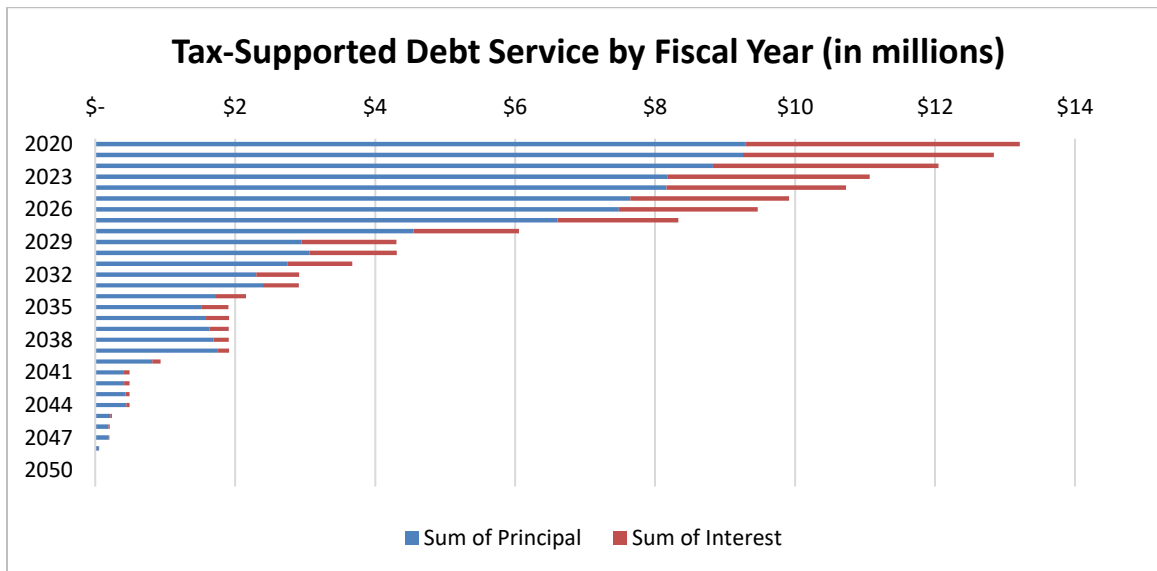


Source: U.S. Bureau of Labor Statistics - June, 2018 (not seasonally adjusted)

According to 2017 data obtained from the U.S. Census Bureau, approximately 76.0% of the County's employed workers commute to work outside the County. The primary employment destinations for the County's 'out-commuters' are Fairfax, Prince William, and Loudoun Counties.

Tax-Supported Debt

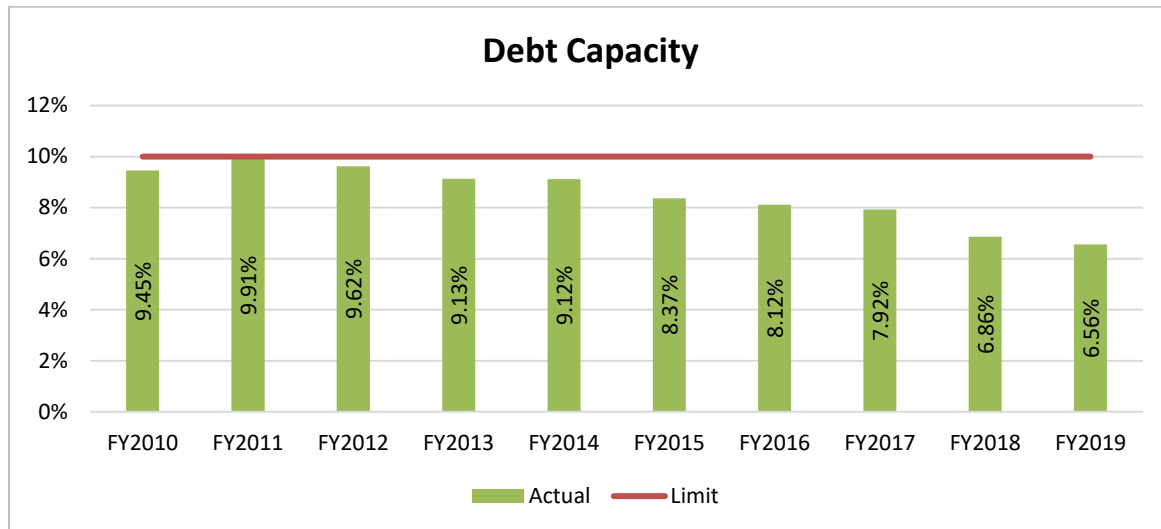
The County's debt portfolio shows a continually improving debt picture with ample capacity to move forward with the adopted Capital Improvement Plan. As of the end of fiscal year 2019, principal balances outstanding on tax-supported debt and commitments were \$96.5 million compared with \$96.3 million at the end of fiscal year 2018 – a slight increase of 0.2%.



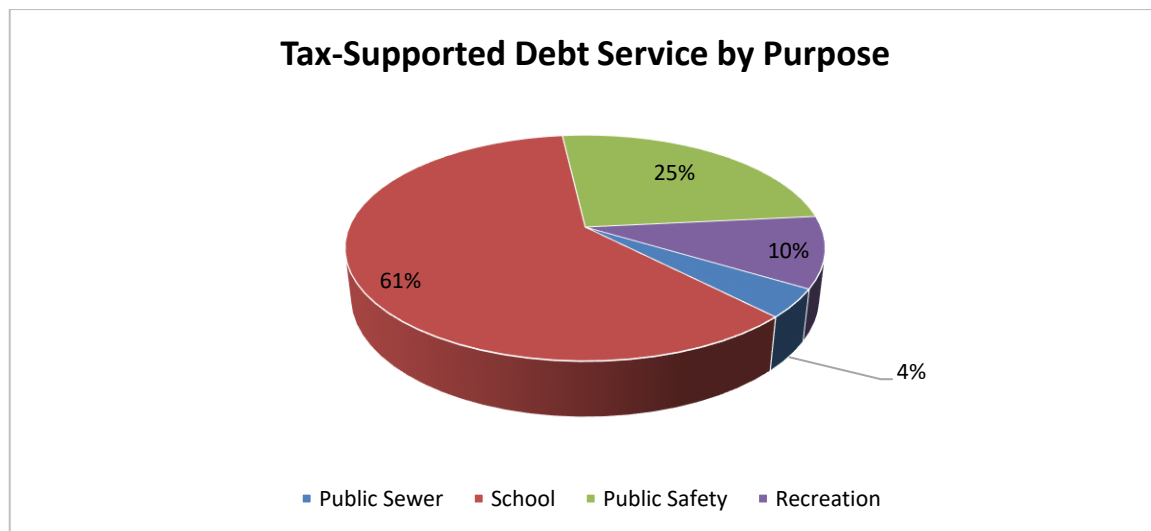
Additionally, the County's debt portfolio exhibits rapid amortization, with required debt service on current tax-supported debt and commitments dropping from \$13.2 million for fiscal year 2020 to \$4.3 million by fiscal year 2029.

While not statutorily imposed, the County adheres to a self-imposed debt capacity under which annual debt service payments are prohibited from exceeding 10% of the adopted revenue budget for the fiscal

year. The County has maintained ample room in its self-imposed debt capacity, which is currently at 6.56%, down from the ten-year high of 9.91% in FY2011 (see Table 11 of the Statistical Section of this report for further details). The peak years of the debt ratio (FY2010 through FY2012) saw increases which, while impacted by debt issuances, were also heavily influenced by lowered revenue budgets due to the economic climate at the time. As the local economy has recovered, coupled with the rapid amortization of debt discussed earlier, the unutilized portion of the overall capacity has grown.



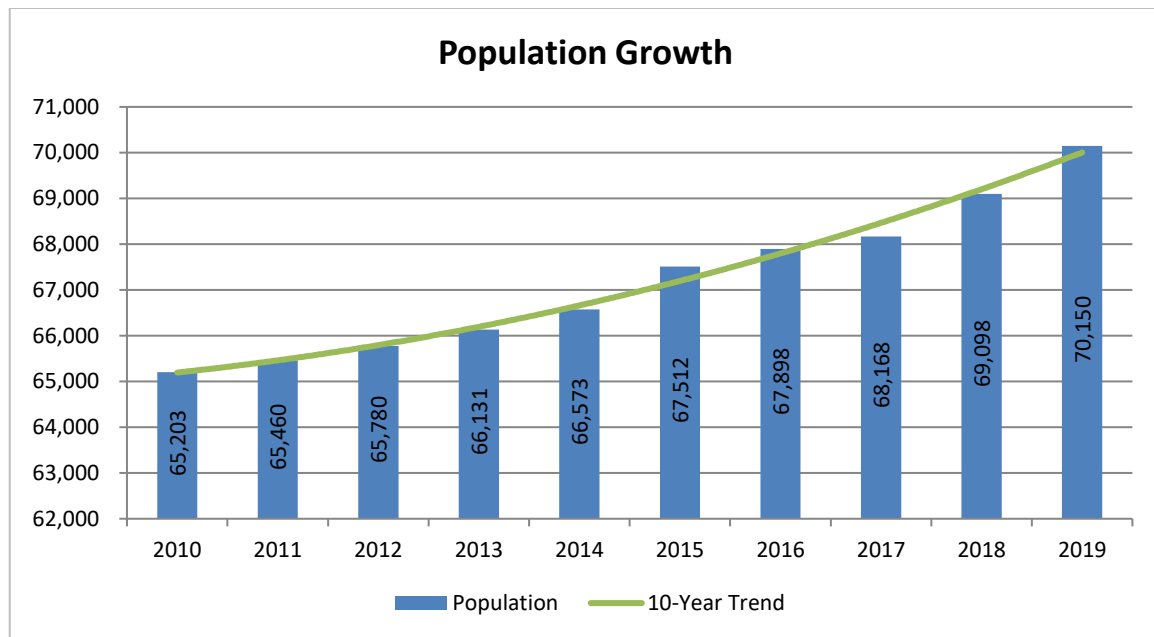
The County has historically been selective on the types of projects it has financed through debt, and the current debt portfolio reflects this, with 61% of remaining tax-supported debt service related to projects in support of Fauquier County Public Schools, 25% related to public safety projects (including commitments to volunteer fire and rescue companies operating in the County), 10% related to recreation projects, and 4% related to public sewer infrastructure projects, as seen in the graphic below.



Economic Development and Industries

Fauquier County's Board of Supervisors has defined in the County's mission statement that the Board seeks, within the bounds of fiscal integrity, to preserve the physical beauty, historical heritage, and environmental quality of the County.

Preserving the rural nature of the County has resulted in slower population growth. Over the past ten years, Fauquier County's population has increased by approximately 7.6%, with an average annual growth rate of about 0.8%, though there is some fluctuation in the rate from year to year. Despite the annual fluctuations, the rate of growth has remained relatively steady as of late, with the average annual growth rate over the past five years of 1.0% only slightly higher than the ten-year rate.



These population trends are reflective of the County's stabilizing focus on long-term planning through land use policies that have been in place since the 1960's. The County manages growth by directing residential, commercial, and industrial development into nine service districts to preserve the rural agricultural nature of the County.

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

The primary goal of the County's economic development efforts is to assist existing businesses as they grow and expand within the County. The majority of businesses in Fauquier County are small, with 90% having fewer than 20 employees. The County's economic development program seeks to attract small to mid-sized companies to locate into nine service districts within the County, which include approved Tourism, Technology, Green Development, and Defense Production Zones. In fiscal year 2019, there were 86 new startup firms in the County. The County has also entertained a limited number of larger prospects where there has been mutual interest and benefit. One such company, Vadata, Inc., is already making substantial tax payments.

Below are additional highlights of economic development benefits during 2019:

- Continued implementation of the Economic Development strategy by adding additional jobs and expansion of the tax base. The business portion of the County's tax revenues increased over the last four fiscal years from \$21.4 million in FY2015 to over \$25.9 million in FY2019, with 15.3% of the overall tax revenue paid by businesses.
- The Mason Enterprise Center, a partnership between George Mason University and Fauquier County, continues to thrive and operate at full capacity in meeting the demand from Fauquier entrepreneurs. Through this partnership, George Mason University brings its experience and an extensive network of business counselors and workshops to the facility in Warrenton. The facility is over 4,800 square feet, including private office space, co-working, and virtual tenants.
- The County currently operates two Business Enterprise Centers on its own. The centers are providing resources to entrepreneurs in Marshall and at Vint Hill. The offices in Vint Hill are close to being fully leased. The center in Marshall has become an important source of business assistance and growth. The County continues to promote its Technology, Tourism, Defense Industry, and Green Development Zones in all Service Districts to attract new business and to

serve existing businesses with a desire to expand, as well as Opportunity Zones in Remington and Bealeton, which make investors eligible for federal tax relief.

- The regional marketing initiative – “America’s Wine Country” – continues to grow and strengthen with ten other localities in promoting tourism/wineries to attract visitors.
- The County held its fifth Wine Competition in 2019, expanding the Competition events and increasing ticket sales to nearly 500 attendees. The County is planning to hold another event in February 2020.
- The County continued participation with the Shenandoah National Park Tourism Committee, a group of representatives from 21 counties and cities surrounding the Shenandoah National Park (SNP), working to promote the areas that serve as gateways to the SNP.
- The County continues to participate with the Planning District 9 Regional Tourism Committee, with Rappahannock, Culpeper, Orange and Madison counties, working to promote the region to potential visitors.
- The County has completed a study to determine the feasibility of developing an Equestrian Quarantine Facility with the expectation that such a facility would greatly benefit the equestrian industries in Fauquier, Loudoun and the greater region. The results have been reported to the Airport Committee, the Equestrian industry and to private developers. They are working together to complete the steps necessary to build the facility. Dulles Airport is working with an experienced developer to plan the new center.
- The Microenterprise Project continues to provide resources to small businesses and has funded its second loan. Both loans continue to perform well. This program was established with funding support from the Economic Development Authority along with five local banks for the purpose of making \$50,000 available for loans to local businesses. The balance of the loan fund is over \$40,000.
- At the Warrenton-Fauquier Airport/Midland Service District, well sites are currently being developed to supply the necessary infrastructure to support the Airport future expansion and a significant amount of potential commercial and industrial development. A Preliminary Engineering Report is underway for the sewer extension from Bealeton to Midland. There is preliminary planning underway for a possible Green Business Park adjacent to the Airport, with the new Airport Terminal the cornerstone of a green development strategy.
- In the Marshall Service District, funding is in place for the Whiting Road Rail Crossing and water/sewer extensions that will improve connectivity and infrastructure for commercial and industrial property through the Route 17/Interstate 66 Business Park. Estimated completion is late 2019 to early 2020.
- The Fauquier County Water and Sewer Authority (“WSA”) has extended its agreement with the developer/owner of the Route 17/Interstate 66 Business Park for an additional ten years to reserve water taps for commercial and/or industrial development. The first development, a new warehouse operation, will serve as the cornerstone for expected future growth of the business park.
- The County and Lord Fairfax Community College (LFCC) continued their partnership on a Workforce Development Program. In 2016, a Workforce Development Coordinator was hired to work with business contacts provided by Economic Development to develop classes and training programs through LFCC. The Workforce Development Program has had a 130% increase in employers served thus far. As of June 30, 2019, the program had introduced six new Agribusiness courses, and built out the Plumbing, Electrical and HVAC Trades programs with an average of 70 enrollees. The college has now added another full-time position, bringing the number of local staff committed to workforce development to two FTEs. In the Fall of 2017, and in the Summer of 2019, the County and the College hosted programs on hiring veterans for regional employers, the largest private V3 (“Virginia Values Veterans”) training programs to date in Virginia.
- A construction trades program for high school students continues to be in demand in joint cooperation with Fauquier County Public Schools, Virginia Tech, and local contracting business partners. After a brief hiatus, the program is scheduled to resume in the Fall of 2019. The County

is also participating in a GO VA grant project with three community colleges to upgrade and coordinate training in cybersecurity in the region.

- Technology, and Tourism Matching Grant programs were administered, with matching grants up to \$2,000 per recipient and the total of each program being \$10,000.
- OVH's new data center, their first US Corporate location build out, is open at Vint Hill with a five-year projected investment of over \$170 million and the creation of over 50 jobs. Dark fiber infrastructure construction to serve OVH has been completed. The County's investment of \$1 million will yield ownership of 25% of the strands for future development needs.
- Vadata, Inc. continues to exceed their initial investment levels and is substantially expanding its facility outside of Warrenton.
- The Puller Veterans Care Center, a 128-bed facility designed to serve Virginia's veterans, will be located at Vint Hill and is anticipated to open in 2021. This facility is expected to spur the location of other medical-related services and offices at Vint Hill, and will also present opportunities for local businesses to contract with the State for goods, services, and construction.
- Fauquier Lifepoint Hospital is constructing a 23,000 square foot cancer treatment facility in Warrenton, a projected investment of over \$12.4 million. The Remington Technology Park, located on over 230 acres in Remington, was approved as the location for a data center campus estimated to be between 1.4 and 1.6 million square feet. The total investment is estimated to be \$1.6 billion.
- A census tract encompassing the entire Remington Service District and a portion of the Bealeton Service District was approved by the federal government in 2019 for an Opportunity Zone designation, making those who invest in that district eligible for incentives under the Capital Gains tax provision. This will serve as a revitalization tool in attracting new investment.
- Services to our local veterans continue to be expanded. A Memorandum of Understanding with Marine Corps Base Quantico was approved by the Department of the Navy enabling Fauquier County to provide services to transitioning Marines. This program commits County resources to assist transitioning Marines in starting their own businesses. A similar agreement with Fort Belvoir is currently in development.
- The PATH Foundation has invested in the community with over \$4 million in grants and programmatic support to 46 local non-profits and government agencies. An endowment of \$200 million is expected to serve our area for generations to come.
- The County is actively participating in the statewide GO VA program that has funded a regional economic development strategy in all regions of the state. The County's Director of Economic Development sits on the Council for Region 9, is a member of the Executive Committee, and is part of the project development team. GO VA has more than \$20 million for economic development projects for which regions around the state will compete, and Fauquier County has been among the leaders in implementing the program in Region 9, with several projects underway and more on the drawing board that could contribute to economic development in Fauquier and surrounding counties. The County is participating in an advisory capacity on a project to form a cybersecurity training collaborative in the region. Recently, the County began work on a new GO VA project that will help stimulate the development of a fuller pipeline of young entrepreneurs.

The County's commitment to maintaining the rural character of Fauquier is captured in the Comprehensive Plan where the "industrial and commercial zoned" acreage amounts to slightly more than 1.0% of total County acreage. Given this land allocation for commercial and industrial uses, the ability of the Fauquier business community to provide over 15% of County revenue speaks well for the economic efficiency of this community. Tourism continues to represent a growing segment of the economic sector in Fauquier County with a total of 25 vineyards and wineries in the County, breweries, along with driving tours, and getaway packages. Based on Virginia Employment Commission data, Fauquier has the potential to be competitive in the Accommodations and Food Service industry that supports tourism. Also, long-term industry employment projections are strong for health care and social assistance; arts, entertainment, recreation; as well as professional, scientific, and technical services. More recently, the County has also targeted Defense and other government contractors as a vital sector, with over 100 such firms already doing business in the community.

Credit Rating

The County continues to maintain strong bond ratings, with a rating of 'AAA' from Fitch Ratings, a rating of 'AA+' from Standard & Poor's, and a rating of 'Aa1' from Moody's Investors Service. These ratings were most recently reviewed by Fitch Ratings in August 2016, Standard & Poor's in May 2014, and Moody's in March 2019. The rating agencies cited the County's strong economy, budgetary flexibility, high level of liquidity, and strong management practices, among other factors, as reasons for their ratings. Both Fitch and Standard & Poor's deemed the County's rating outlook to be stable, while Moody's provided no outlook.

Long-Term Financial Planning

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

The CIP is a planning document intended to provide an analysis of potential long-range funding needs for the acquisition, construction or total replacement of physical facilities and other types of infrastructure. The fiscal year 2020-2024 capital budget for new County and School projects totals approximately \$332.2 million. These projects include:

- \$63.2 million for public safety projects including fire and rescue, the Sheriff's Office, and public safety communications system;
- \$57.6 million for school system projects;
- \$71.8 million for parks, recreation, and cultural projects;
- \$53.2 million for utility projects including water system improvements, broadband development, and public sewer projects;
- \$46.3 million for development of a General Services Joint Use Facility at the Stafford Property; and
- \$40.1 million for other projects including environmental services, airport, and general government administration.

The adopted CIP includes \$27.8 million in cash funding (8.4% of total appropriations) reflecting the County's approach to a balanced capital financing plan. The current CIP defers expenditures where possible and recommends funding consistent with the Board of Supervisors' financial policies.

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

Relevant Financial Policies

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

Due to the potential effects on the County's credit rating, debt availability, tax rates, and the annual operating budget, the Board of Supervisors has established and maintains a debt policy which sets self-imposed debt limitations and encourages public participation in the decision-making process relating to major construction projects. The policy stipulates that annual debt service payments may not exceed 10% of budgeted revenues, and that projects requiring debt issuance in excess of \$25.0 million be subject to voter referendum.

Investments of available funds are made according to a formal Investment Policy that seeks to safeguard principal, meet liquidity objectives, and seek fair value rates of return within the parameters of the *Code of*

Virginia. Funds held for capital projects are invested in accordance with these objectives in addition to ensuring compliance with U.S. Treasury arbitrage regulations.

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

Implementation of New Accounting Requirements

In fiscal year 2019, the County implemented GASB Statements No. 83 and No. 88 as applicable. In fiscal year 2020, the County will implement GASB Statements No. 84 and No. 89, as applicable. Additional information is provided in Note 1 to the Financial Statements.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Fauquier County for its Comprehensive Annual Financial Report for the fiscal year ending June 30, 2018. This was the twenty-first consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

The GFOA has awarded its Distinguished Budget Presentation Award to Fauquier County for fiscal year 2019. Fauquier County has received this award for twenty-one years.

Acknowledgements

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

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

Respectfully submitted,

A black ink signature of Paul McCulla, consisting of a stylized 'P' followed by a horizontal line.

Paul McCulla
County Administrator

A blue ink signature of Jonathon C. Munch, featuring a large, flowing 'J' and 'M'.

Jonathon C. Munch
Director of Finance



Government Finance Officers Association

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

Presented to

**County of Fauquier
Virginia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

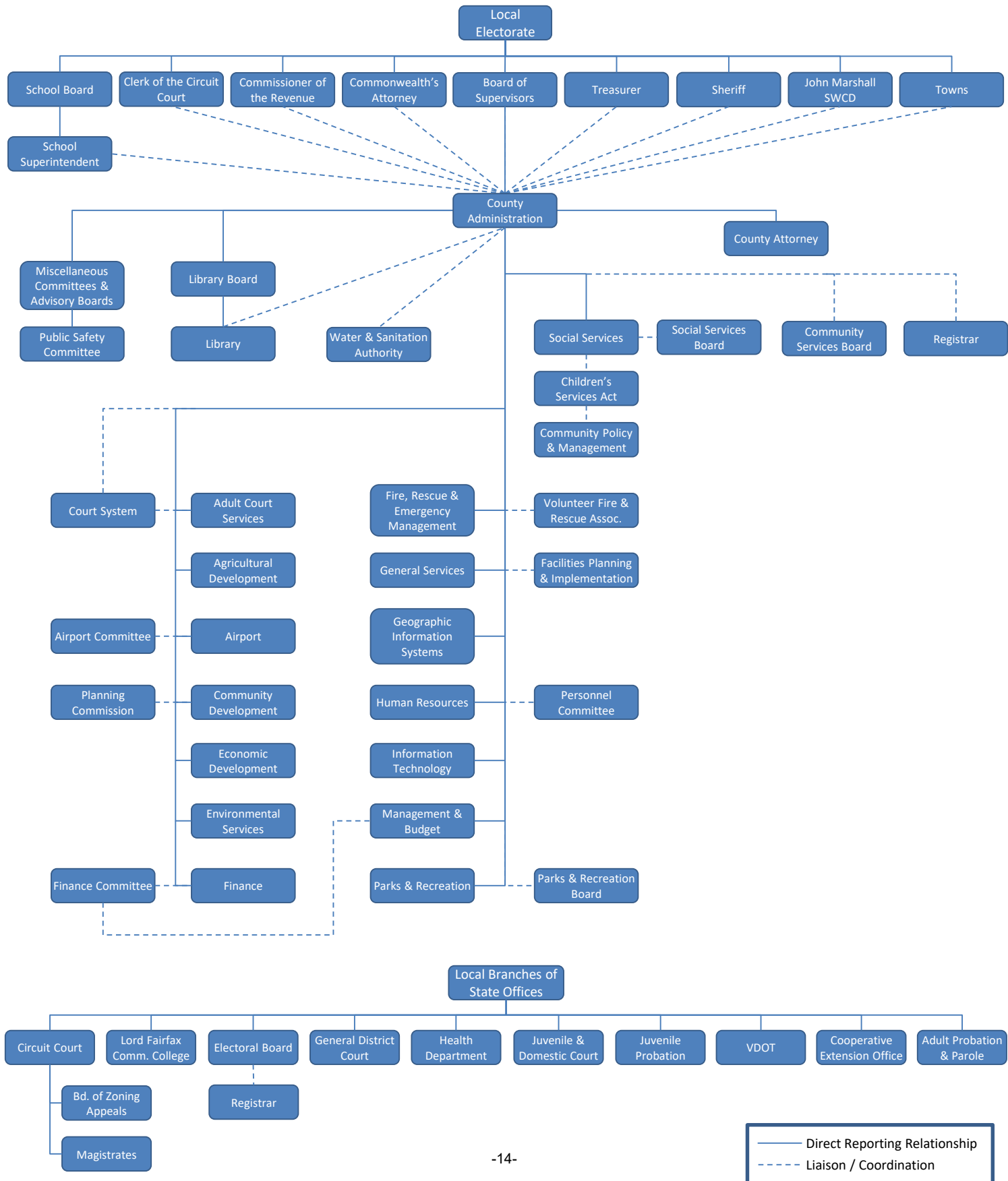
June 30, 2018

Christopher P. Morrell

Executive Director/CEO



County of Fauquier, Virginia Organizational Chart



COUNTY OF FAUQUIER, VIRGINIA
PRINCIPAL OFFICIALS

BOARD OF SUPERVISORS

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

COUNTY ADMINISTRATION

Paul S. McCulla, County Administrator
Catherine M. Heritage, Deputy County Administrator

COUNTY SCHOOL BOARD

Suzanne M. Sloane, Chairman
Raymond E. Bland Sr., Vice-Chairman
Brian D. Gorg
Donna R. Grove
Donald Mason

SCHOOL ADMINISTRATION

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

OTHER OFFICIALS

Clerk of the Circuit Court	Gail H. Barb
Finance Director.....	Jonathon C. Munch
Commissioner of the Revenue	Ross W. D’Urso
Judge of the General District Court	J. Gregory Ashwell
Sheriff	Robert P. Mosier
Treasurer	Tanya Remson Wilcox
Commonwealth's Attorney	Scott C. Hook
Judge of the Circuit Court	James E. Plowman
Judge of Juvenile and Domestic Relations District Court	Melissa N. Cupp





Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Fauquier, Virginia, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Fauquier, Virginia, as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the Fire and Rescue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 1 to the financial statements, in 2019, the County adopted new accounting guidance, GASB Statements 83 *Certain Asset Retirement Obligations* and 88 *Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements*. Our opinion is not modified with respect to this matter.

Restatement of Beginning Balances

As described in Note 1 to the financial statements, in 2019, the County restated beginning balances related to reclassification of a fund, construction in progress and deferred outflows related to pension. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and schedules related to pension and OPEB funding on pages 21-36, and 139-151 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2019, on our consideration of the County of Fauquier, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of County of Fauquier, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Fauquier, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Fredericksburg, Virginia
November 27, 2019



MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the County of Fauquier, Virginia presents the following discussion and analysis as an overview of the County of Fauquier's financial activities for the fiscal year ending June 30, 2019. We encourage readers to read this discussion and analysis in conjunction with the Letter of Transmittal in the Introductory Section of this report and the County's financial statements, which follow this discussion and analysis.

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

FISCAL YEAR 2019 FINANCIAL HIGHLIGHTS

- The reporting entity, which includes the School Board component unit, had positive net position of \$108.0 million at June 30, 2019, which represents an increase of 24.7%, or \$21.4 million from net position at June 30, 2018 of \$86.6 million, as restated.
- The total cost of the County's programs or governmental activities, was \$199.8 million, an increase of \$14.9 million, or 8.1% from the prior year's cost of \$184.9 million. Total revenues for governmental activities increased \$14.7 million or 7.2% to \$220.1 million from the prior year.
- Net position of the County's governmental activities increased by \$18.4 million from the prior year, as compared to an increase of \$17.6 million in fiscal year 2018.
- At June 30, 2019, the primary government had \$102.2 million (\$96.8 million in unpaid principal balance and \$5.4 million in premium) of long-term debt outstanding. This includes \$60.2 million of general obligation bonds, \$23.5 million of financing leases, \$4.5 million of capital leases, and \$0.4 million of pooled financings for governmental activities, and \$6.5 million in financing leases and \$1.7 million in revenue bonds for business-type activities. In addition, the primary government has \$1.4 million in deferred charges on refundings.
- The County's business-type activities (the Airport, Landfill, and Sewer) had a combined positive net position of \$4.2 million, an increase of \$0.7 million from the prior year. This increase is due mainly to an increase in federal and state capital grants related to the terminal building project in the Airport Fund, decreased revenues in the Landfill and Recycling Fund, and a decrease in capital contributions in the Sewer Fund.
- The School Board component unit had positive net position of \$35.2 million at June 30, 2019, which represents an increase of \$2.3 million, or 7.0% from the prior year, as restated. Revenues, including the County contribution, totaled \$148.4 million, an increase of \$5.0 million from the prior year, and expenses totaled \$146.1 million, an increase of \$2.9 million from prior year's expenses, as restated. The increase in revenue was due primarily to an increase in contribution from the County and grants and contributions from state and federal sources.
- As of June 30, 2019, the County governmental funds reported combined fund balances of \$76.2 million, an increase of \$13.8 million from the prior year. The County's General Fund had a total fund balance of \$32.2 million at June 30, 2019. Of the General Fund balance, \$8.9 million, or 27.6% was assigned fund balance, \$21.2 million, or 65.8% was unassigned fund balance, and the remaining was restricted and committed fund balance. The unassigned fund balance, includes the Board of Supervisor's mandated minimum of 10.0% of general operating revenues, which is set aside for

emergency needs as approved by the Board of Supervisors. Refer to Note 15 for details regarding the various components of fund balance.

- General Fund revenues were \$3.5 million over the amended budget. Expenditure savings of \$6.9 million were the result of \$1.7 million savings in the contribution to the School Board component unit and \$5.2 million in savings from County Departments.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The Introductory Section includes the letter of transmittal, a copy of the fiscal year 2018 Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association, the County's organizational chart, and a list of principal officials.
- The Financial Section includes the Independent Auditors' Report, management's discussion and analysis (this section), the basic financial statements, required supplemental information, and combining and individual fund statements and schedules.
- The Statistical Section includes selected financial and demographic data related to the County, generally presented on a multi-year basis.
- The compliance Section is required under the provisions of Single Audit Act of 1984 and the U.S. Office of Management and Budget guidance in Title 2 of the Code of Federal Regulations, Part 200 of the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, Subpart F and includes the auditors' reports on compliance and internal controls.

Financial Section Overview

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

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

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

The required supplementary information includes:

- this discussion and analysis
- the Schedule of Funding Progress and Employer Contributions – Fauquier County Other Postemployment Benefits Plans and Virginia Retirement System Pension and Other Postemployment Benefit Programs (Exhibit 14)

- the Schedule of Changes in the Net Pension Liability and Related Ratios (Exhibit 15)
- the Schedule of Changes in the Net OPEB Liability and Related Ratios (Exhibit 16)
- the Schedule of the Proportionate Share of the Virginia Retirement System's Net Pension and OPEB Liability (Exhibit 17)

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

Government-Wide Financial Statements

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

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

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

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

- **Governmental activities:** Most of the County's basic services are reported here, including general government administration, judicial administration, public safety, public works, health and welfare, education, parks, recreation and cultural, and community development. These activities are financed primarily by property taxes, other local taxes, and Federal and State grants. Governmental funds and internal service funds are included in the governmental activities.
- **Business-type activities:** The County charges fees to users to cover all, or a significant portion, of the costs associated with the provision of certain services. These business-type activities include the Airport, Landfill and Recycling, and Sewer activities.
- **Component unit:** The County has one component unit for which it is financially accountable, the Fauquier County Public Schools (School Board). A primary government is accountable for an organization if the organization is fiscally dependent and the organization is capable of imposing financial benefits or burdens on the primary government. The County approves debt issuances to

finance School Board assets and provides significant funding for its operation. The School Board is a legally separate entity and is discretely presented in this annual financial report. Additional information on the component unit can be found in Note 1 of the Notes to Financial Statements section of this report.

Fund Financial Statements

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

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

The County has four major funds: the General Fund, the Capital Projects Fund, the Debt Service Fund, and the Fire and Rescue Fund. The General Fund is the main operating account of the County and therefore, the largest of the governmental funds. The Capital Projects Fund is used to account for major capital projects and assets, primarily construction related. It provides control over resources that have been segregated for specific capital projects. The Debt Service Fund accounts for financial resources accumulated for the payment of principal and interest. The Fire and Rescue Fund is used to account for and report the fire and rescue levy assessed on real estate to support fire and rescue activities and volunteer fire and rescue companies. All other governmental funds, which include special revenue funds, are collectively referred to as nonmajor governmental funds.

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

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

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

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

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

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

The total reporting entity, which includes the School Board component unit, had positive net position of \$108.0 million at June 30, 2019. Net position increased from the prior year by \$21.4 million, which reflects current year revenues exceeding expenses by this amount.

County of Fauquier Summary of Net Position (\$ in millions)									
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Table 1 may differ from Exhibit 1 due to rounding.

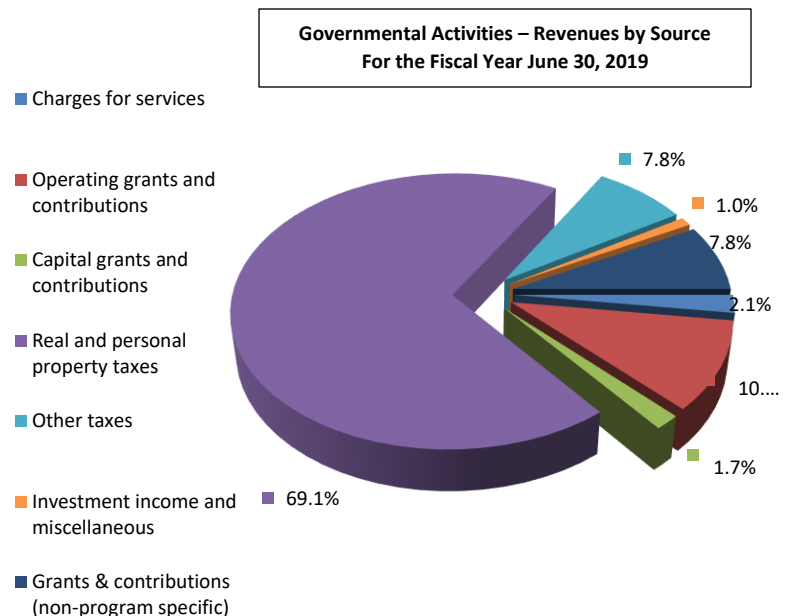
The Primary Government: The primary government had net position of \$72.7 million at June 30, 2019, which reflects an increase of \$18.4 million from the prior year. The largest portion of net position, \$88.6 million, represents the County's investment in capital assets (e.g., land, buildings, and equipment) less the depreciation and outstanding debt associated with asset acquisitions. Total restricted and unrestricted net position of the primary government combine for a deficit of \$15.9 million, and is mainly the result of the primary government issuing debt in past years to finance assets capitalized on the books of other entities. The County has long-term commitments related to the issuance of three certificates of participation in support of utility projects undertaken and capitalized by the Fauquier Water and Sanitation Authority and debt the primary government has issued on behalf of the School Board component unit. Because these debts increase the primary government's liabilities with no corresponding asset, the effect is to increase the amount reported as unrestricted (deficit). The County's total of these debts and commitments at June 30, 2019 was \$68.1 million (which includes \$2.4 million in premium). Refer to Note 8 and Note 9 for further details regarding long-term obligations and commitments.

Business-Type Activities: Business-type activities had a combined net position of \$4.2 million at June 30, 2019 which consisted of positive net position of \$21.5 for the Airport Fund, negative net position of \$19.0 million for the Landfill and Recycling Fund, and positive net position of \$1.7 million for the Sewer Fund. The largest portion of net position, \$29.8 million, reflects investment in capital assets, net of depreciation and outstanding debt. The unrestricted net position for business-type activities at June 30, 2019 was a deficit of \$26.4 million, which reflects an increase of 20.5% from the deficit of \$21.9 million from the prior year. The unrestricted deficit for business-type activities does not indicate that there were insufficient resources available to pay for operations; but that long-term commitments were greater than currently available resources.

CHANGE IN NET POSITION

Governmental Activities: Total governmental net position (before transfers) increased by \$18.4 million compared to an increase of \$17.6 million in fiscal year 2018.

Revenues from governmental activities for fiscal year 2019 totaled \$220.1 million, an increase of \$14.7 million from fiscal year 2018. Taxes comprised the largest source of revenues, totaling \$169.2 million, of which general property taxes account for \$152.1 million, or 69.1% of total revenues. Program revenues (charges for services, operating and capital grants and contributions) generated a total of \$31.6 million, or 14.3% of total revenues, while investment income, miscellaneous revenues, and revenues from grants and contributions not restricted to specific programs totaled \$19.4 million, or 8.8% of revenues.



Real and personal property tax revenue increased by \$9.7 million, or 6.8% primarily attributable to an increase in the assessed values for real and personal property and an increase in the tax rate per 100 of assessed value on real and personal property.

Local sales tax revenue increased by \$0.1 million or 5.7% from the prior year. Consumers' utility taxes, business and professional tax revenue, taxes on recordation and wills, motor vehicle taxes, and other local taxes, collectively decreased by \$0.1 million or 3.9% from the prior year. Non-program specific grants and contributions saw an increase of \$0.2 million while charges for services decreased by \$0.3 million in fiscal year 2019.

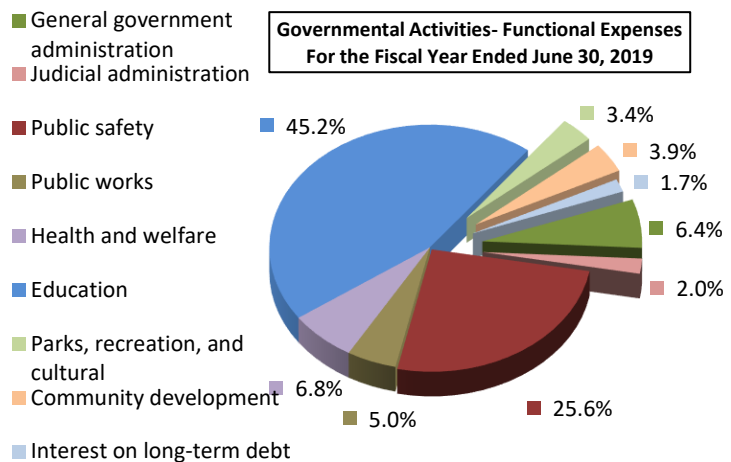
Table 2 summarizes the changes in net position from Exhibit 2 in the Financial Section for the primary government and its component unit at June 30, 2019 and 2018.

County of Fauquier Changes in Net Position (\$ in millions)									
	Governmental Activities		Business-Type Activities		Total Primary Government		Total Reporting Entity Including Component Unit		
	2019	2018	2019	2018	2019	2018	2019	2018	
<u>Revenues</u>									
Program revenues:									
Charges for services	\$ 4.7	5.0	4.3	4.6	9.0	9.6	12.3	12.9	
Operating grants and contributions	23.2	22.7	0.1	0.1	23.3	22.8	43.0	42.8	
Capital grants and contributions	3.7	0.7	5.0	4.1	8.7	4.8	8.7	4.8	
General revenues:									
Real and personal property taxes	152.1	142.4	-	-	152.1	142.4	152.1	142.4	
Other taxes	17.1	16.5	-	-	17.1	16.5	17.1	16.5	
Investment Income and miscellaneous	2.2	1.2	0.1	-	2.3	1.2	4.1	2.6	
Grants and contributions	17.1	16.9	-	-	17.1	16.9	50.8	50.3	
Contribution to schools	-	-	-	-	-	-	89.9	85.3	
Total revenues	220.1	205.4	9.5	8.8	229.6	214.2	378.0	357.6	
<u>Expenses</u>									
General government administration	12.8	14.3	-	-	12.8	14.3	12.8	14.3	
Judicial administration	4.1	4.2	-	-	4.1	4.2	4.1	4.2	
Public safety	51.1	38.9	-	-	51.1	38.9	51.1	38.9	
Public works	10.0	9.4	-	-	10.0	9.4	10.0	9.4	
Health and welfare	13.6	12.2	-	-	13.6	12.2	13.6	12.2	
Education	90.3	85.0	-	-	90.3	85.0	236.4	228.2	
Parks, recreation, and cultural	6.8	7.5	-	-	6.8	7.5	6.8	7.5	
Community development	7.8	10.3	-	-	7.8	10.3	7.8	10.3	
Interest on long-term debt	3.3	3.1	-	-	3.3	3.1	3.3	3.1	
Airport	-	-	1.0	1.0	1.0	1.0	1.0	1.0	
Landfill and recycling	-	-	9.7	7.7	9.7	7.7	9.7	7.7	
Sewer	-	-	-	-	-	-	-	-	
Total expenses	199.8	184.9	10.7	8.7	210.5	193.6	356.6	336.8	
Increase (decrease) in net position	20.3	20.5	(1.2)	0.1	19.1	20.6	21.4	20.8	
Transfers	(1.9)	(2.9)	1.9	2.9	-	-	-	-	
Change in net position	18.4	17.6	0.7	3.0	19.1	20.6	21.4	20.8	
Beginning net position, restated	50.1	32.5	3.5	0.5	53.6	33.0	86.6	65.8	
Ending net position	\$ 68.5	50.1	4.2	3.5	72.7	53.6	108.0	86.6	
Table 2 may differ from Exhibit 2 due to rounding.									

Table 2 may differ from Exhibit 2 due to rounding.

Total expenses for governmental activities for this fiscal year were \$199.8 million, an increase of \$14.9 million from \$184.9 million in fiscal year 2019. Public safety expenses increased \$12.2 million due to \$7.1 million contribution to Volunteer Fire and Rescue companies to pay off outstanding Rural Development Loans from the United States Department of Agriculture, \$3.7 million increased staffing costs of department of fire and rescue staff, sheriff's office, and detention related positions, and \$1.4 million increase in other operating expenses. Community development expenses decreased primarily due to completion or near completion of revenue share projects for which expenses were not capitalized, since the infrastructure will be owned and maintained by the Virginia Department of Transportation upon completion. Education continued to be the County's largest program and highest priority with the County's contribution totaling \$90.3 million, or 45.2% of total expenses. Included in this contribution was approximately \$0.1 million in support of School Board grant related programs.

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



As shown in Exhibit 7 of the Financial Section of this report, these functions totaled approximately \$9.2 million in fiscal year 2019. Allocation of the cost of these consolidated functions associated with educational activities is approximately \$6.6 million based on the County's latest cost allocation plan. Recognizing these costs as a function of education increases educational functional expenses to approximately 48.5% of total expenses. Public safety expenses, which total \$51.1 million or 25.6% of total expenses, represent the second largest expense category for governmental activities.

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

	Total Cost of Services		Net Cost of Services	
	2019	2018	2019	2018
General government administration	\$ 12.8	14.3	12.2	13.4
Judicial administration	4.1	4.2	1.8	1.7
Public safety	51.1	38.9	37.4	31.9
Public works	10.0	9.4	6.3	7.3
Health and welfare	13.6	12.2	6.5	5.2
Education	90.3	85.0	90.2	85.0
Parks, recreation, and cultural	6.8	7.5	5.3	5.8
Community development	7.8	10.3	5.2	3.1
Interest on long-term debt	3.3	3.1	3.3	3.1
Total	\$ 199.8	184.9	168.2	156.5

Table 3 may differ from Exhibit 2 due to rounding.

After recognizing the effect of revenue from these fees, grants, and contributions of \$31.6 million, the net cost of governmental activities was \$168.2 million, compared to a total cost of \$199.8 million.

Business-type activities: Business-type activities are generally intended to be at least partially self-supporting, and fees are established to recover the cost of providing the services. Revenues for the County's business activities, which are primarily user fees or charges for services and capital contributions and grants, increased by \$0.7 million, or 8.0% from the prior year to \$9.5 million. This net increase is due primarily to increased funding of \$1.1 million from the prior year in the Airport Fund from capital contributions, state and federal grants for the Terminal Building project offset by decrease in revenues in the Landfill and Recycling Fund of \$0.3 million and a decrease in capital contributions to the Sewer Fund of \$0.1 million.

Total expenses for business-type activities were \$10.7 million, an increase of 23%, or \$2.0 million, from the prior year. This increase is due to mainly to increased expenditures for contractual services in the Landfill and Recycling Fund.

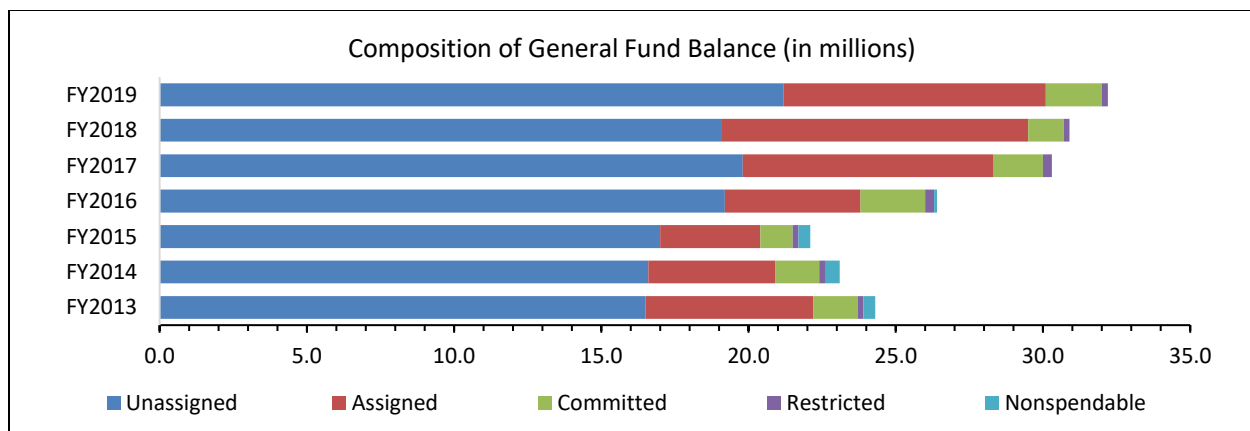
FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

Governmental Funds: As of June 30, 2019, the County's governmental funds reported a combined ending fund balance of \$76.2 million, an increase of \$13.8 million in comparison with the prior year's fund balance. This increase reflects the following activity in governmental funds:

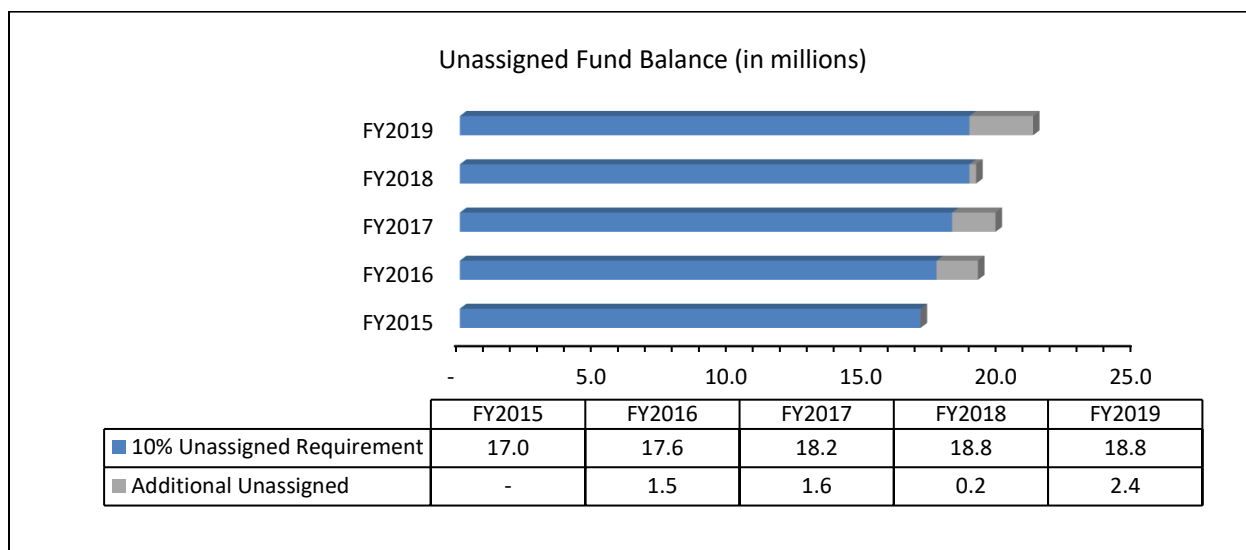
- The Capital Projects Fund reported a total fund balance of \$30.2 million, an increase of \$14.7 million from the prior year. Revenues increased by \$1.6 million due to an increase in miscellaneous revenue of \$3.2 million offset by a \$1.5 million decrease in revenue from the Commonwealth of Virginia. Net transfers to the fund increased by \$3.9 million and expenditures increased by \$3.2 million and from the prior fiscal year. The increase in expenditures is due primarily to the following:
 - \$2.1 million increase in Public Safety expenditures due to the radio system upgrade project.
 - \$2.1 million in Parks, Recreational and Cultural expenditures due to construction of the Central Sports Complex.
 - \$1.9 million decrease in Community Development expenditures due to \$3.1 million less spending on the Vint Hill Public Streets Network project as the project nears completion, offset by \$1.0 million increase in spending on the Waterloo Bridge project, and increased spending of \$0.2 million on the County Broadband project and other revenue share projects with the Virginia Department of Transportation.
- The Debt Service Fund reported a total fund balance of \$0.1 million, which is consistent with the total fund balance from the prior year. During fiscal year 2019, \$11.8 million in debt principal and interest payments were made.
- The Fire and Rescue Fund, reported a total fund balance of \$6.8 million, a decrease of \$3.4 million from the prior fiscal year. Revenues increased by \$10.3 million, or 58.1% from the prior year primarily due to increased tax revenue and restructuring of fire levy tax revenue previously reported in the General Fund. Expenditures increased by \$14.1 million primarily due to personnel positions funded by the Fire Levy that were previously accounted for in the General Fund being accounted for in the Fire and Rescue Fund in the current fiscal year.

- Other Nonmajor Governmental Funds, reported combined total fund balances of \$6.9 million, an increase of \$1.1 million in fund balance over prior year. Revenues decreased by \$0.5 million, due mainly to \$0.2 million decreases in gifts and donations in the Parks and Recreation, Library, and Proffer Funds and decrease in revenue from the Commonwealth of Virginia and the Federal government in the Conservation Easement Fund. Expenditures decreased by \$1.0 million due mainly to decreased spending on purchase development rights in the Conservation Easement Fund.
- The General Fund reported a total fund balance of \$32.2 million, an increase of 4.2%, or \$1.3 million from the prior year's fund balance, of \$30.9 million. Revenues increased by \$0.9 million, while expenditures decreased by \$2.9 million mainly due to:
 - \$8.5 million decrease in Public safety expenditures due to shifting of personnel positions from the General Fund to the Fire and Rescue Fund.
 - \$3.4 million increase in contributed operating funds to the School Board component unit for operations.
 - \$2.2 million increase in personnel costs across all functions.

The General Fund's liquidity can be measured by comparing unassigned fund balance to total fund revenues. At the end of the current fiscal year, the General Fund had an unassigned fund balance of \$21.2 million (Exhibit 3). The chart below depicts the composition of the County's General Fund balance for the last five fiscal years.



The Board of Supervisors has adopted a minimum fund balance requirement for the General Fund of 10.0% of the subsequent year's General Fund revenues. This 10.0% is identified as the minimum amount needed to safeguard the County's financial stability and as one component in maintaining its bond ratings. This level, when combined with committed and assigned fund balances, provides the County with sufficient funds to operate approximately two months without interrupting service levels. The minimum fund balance target for fiscal year 2019 was \$18.8 million. Amounts in excess of the 10.0% minimum may be available for future uses to be determined by the Board of Supervisors. The following chart depicts the components of unassigned fund balance for the last five years.



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

GENERAL FUND BUDGETARY HIGHLIGHTS

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

Table 4 County of Fauquier General Fund Budgetary Comparison For the Fiscal Year Ended June 30, 2019 (\$ in millions)			
	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>
<u>Revenues</u>			
Taxes	148.5	148.5	151.9
Other	4.2	4.4	5.2
Intergovernmental	29.9	30.9	30.2
Total revenues	182.6	183.8	187.3
<u>Expenditures</u>	<u>165.8</u>	<u>169.5</u>	<u>162.6</u>
Excess (deficiency) of revenues over (under) expenditures	16.8	14.3	24.7
<u>Other financing sources (uses)</u>			
Transfers in	0.5	0.5	0.4
Transfers out	(18.3)	(23.8)	(23.8)
Total other financing sources (uses)	(17.8)	(23.3)	(23.4)
Change in fund balance	<u>(1.0)</u>	<u>(9.0)</u>	<u>1.3</u>

Table 4 may differ from Exhibit 7 due to rounding.

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

- Amendments for operating and capital projects that were incomplete in the prior fiscal year and subsequently re-appropriated in the new fiscal year.

- Amendments for supplemental appropriation for new projects and/or change orders for prior approved projects.
- Amendments for supplemental appropriation for grants and other revenues.
- Amendments for transfers and adjustments to support revised priorities and account code restructuring.

Final amended budget revenues exceeded the original budget by \$1.2 million, primarily due to budget increases from state and federal funding sources. Actual revenues were \$3.5 million over the amended budget due mainly to increased taxes and offset by decrease in other fees collected. Actual expenditures for the General Fund totaled \$162.6 million or \$6.9 million less than the amended budget. Of this difference, \$1.7 million less than the amended budget was transferred to the School Board component unit and \$5.2 million in savings is due to county departmental efforts to control spending. A portion of the savings generated by Schools in the form of unexpended appropriations is generally re-appropriated in the new fiscal year.

CAPITAL ASSETS AND LONG-TERM DEBT

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

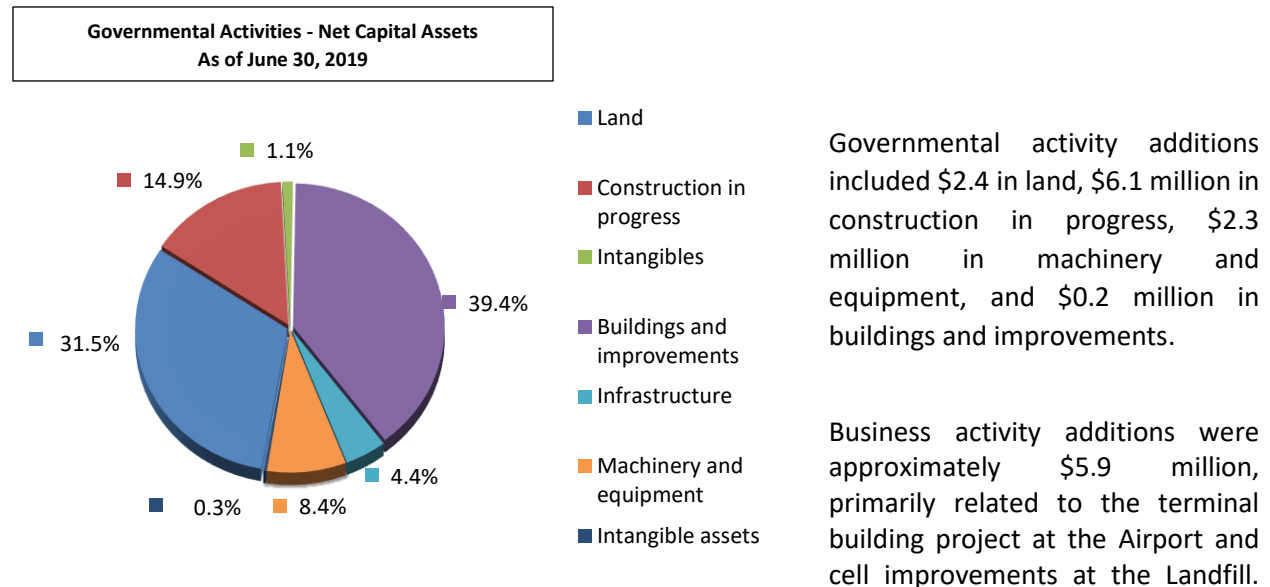
The Capital Improvements Program Committee (Committee) receives project requests from departments, agencies, and the School Board component unit. Potential projects are evaluated in relation to each other to ensure that the highest priority projects receive public funding, while considering construction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

Table 5 County of Fauquier Capital Assets (\$ in millions)									
	Governmental Activities		Business-Type Activities		Total Primary Government		Total Reporting Entity Including Component Unit		
	2019	2018	2019	2018	2019	2018	2019	2018	
Land	\$ 23.4	21.6	8.6	8.0	32.0	29.6	37.3	34.9	
Construction In progress	11.1	6.2	12.5	6.2	23.6	12.4	29.3	12.6	
Intangible assets (non-depreciable)	0.9	0.9	0.2	0.2	1.1	1.1	1.1	1.1	
Buildings and improvements	54.4	54.0	24.7	24.7	79.1	78.7	335.1	334.5	
Infrastructure	15.2	14.5	13.7	13.7	28.9	28.2	34.3	33.7	
Machinery and equipment	21.4	19.8	3.9	4.0	25.3	23.8	50.2	47.9	
Intangible assets (depreciable)	1.5	1.5	-	-	1.5	1.5	1.7	1.7	
Total capital assets	127.9	118.5	63.6	56.8	191.5	175.3	489.0	466.4	
Less: Accumulated depreciation/amortization	(53.5)	(49.6)	(25.4)	(24.1)	(78.9)	(73.7)	(205.7)	(193.4)	
Net capital assets	\$ 74.4	68.9	38.2	32.7	112.6	101.6	283.3	273.0	

Table 5 may differ from Note 7 due to rounding.

As of June 30, 2019, the total reporting entity had net capital assets of \$283.3 million, an increase of \$10.3 million from the prior year. This increase is due primarily to additions and deletions of capital assets and construction in progress of \$24.0 million, offset by depreciation expense of \$13.7 million.

For governmental activities, the County's investment in non-depreciable assets totaled \$35.4 million, while depreciable assets totaled \$39.0 million (net of depreciation). Total net capital assets for governmental activities increased by \$5.5 million, or 8.0% from the prior year to \$74.4 million. The increase is due to additions and deletions of capital assets for governmental activities exceeding depreciation expense in the current year. During the fiscal year, the following additions were made to capital assets:



The Sewer Fund received a transfer of \$1.0 million in land and construction in progress from governmental activities related to sewer infrastructure for the Catlett-Calverton Wastewater Treatment System.

The School Board component unit had additions of \$7.2 million which included the acquisition of machinery and equipment, improvements to school buildings and facilities and construction in progress related mainly to energy savings projects across the school division.

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

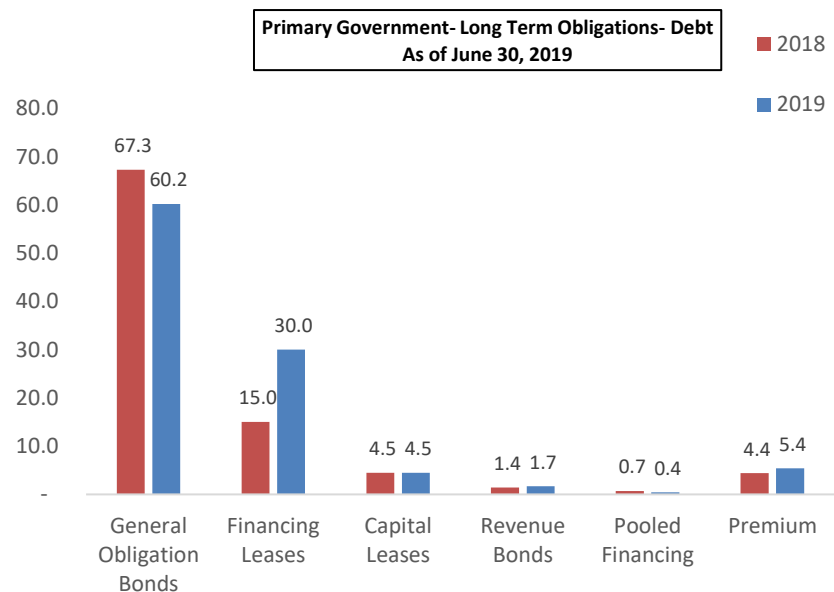
Long-term Obligations: Table 6 provides an overview of the long-term obligations for the primary government.

County of Fauquier Summary of Changes in Long Term Obligations (\$ in millions)			
	July 1, 2018	Net Increase (Decrease)	June 30, 2019
Governmental Activities:			
Financing leases	\$ 8.3	15.2	23.5
Capital leases	4.5	-	4.5
General obligation bonds	67.3	(7.1)	60.2
Pooled financing	0.7	(0.3)	0.4
Premium	3.5	1.1	4.6
Total debt	84.3	8.9	93.2
Compensated absences	4.8	0.2	5.0
Incurred but not reported claims (IBNR)	2.8	0.3	3.1
Total long-term obligations	91.9	9.4	101.3
Business-Type Activities:			
Financing leases	6.7	(0.2)	6.5
Revenue bonds	1.4	0.3	1.7
Premium	0.9	(0.1)	0.8
Total debt	9.0	(0.0)	9.0
Compensated absences	0.1	-	0.1
Landfill closure and post closure	15.3	0.6	15.9
Total long-term obligations	24.4	0.6	25.0
Total long-term obligations	\$ 116.3	10.0	126.3

Table 6 may differ from Note 8 due to rounding.

As of June 30, 2019, the County's governmental activities had long-term obligations totaling \$101.3 million, of which \$93.2 million represents indebtedness related to general obligation bonds, financing leases, and pooled financings. This represents an increase of \$9.4 million, or 11.2% in long-term obligations from the prior year.

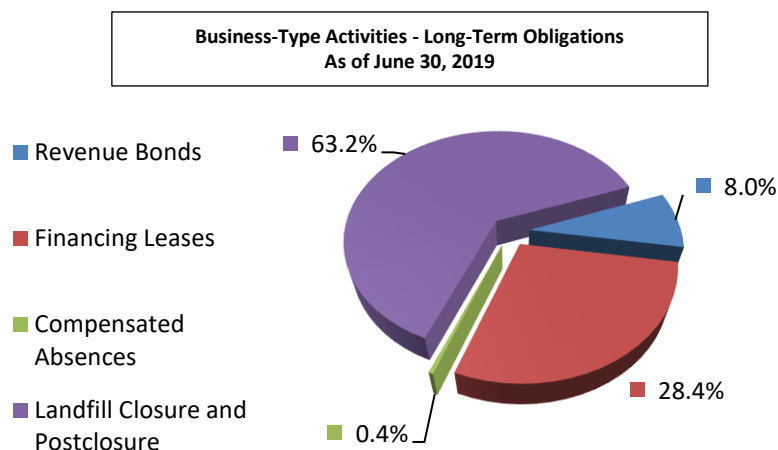
The net increase is due primarily to the following activities during the fiscal year:



- On July 30, 2018, the County entered into a financing lease for \$0.8 million for the purchase of eight (8) school buses on behalf of Fauquier County School Board.
- On May 8, 2019, the County entered into a financing lease for \$9.0 million (with \$1.1 million in premium) through the Virginia Resource Authority to finance the construction of the Central Sports Complex.

- On May 8, 2019, the County entered into a financing lease for \$6.4 million (with \$0.7 million in premium) through the Virginia Resource Authority to assist volunteer fire companies in the County in paying off outstanding loans to the United States Department of Agriculture Rural Development Loan Program.
- The County retired \$9.1 million (\$8.5 million in principal and \$0.6 million in premium) related to financing leases, general obligation bonds, direct bonds, and pooled financings.
- Compensated absences increased by \$0.2 million from the prior year, as employee balances increased.
- Incurred but not reported claims increased by \$0.3 million from the prior year.

As of June 30, 2019, the County's business activities had long-term obligations of \$25.0 million, an increase of \$0.6 million, or 2.5% increase from the prior year.



The Landfill and Recycling Fund retired \$0.2 million of debt related to revenue bonds and financing leases with the Virginia Resources Authority.

The Landfill closure and post closure liability increased by \$0.6 million from the prior year.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Economic Factors

- The average unemployment rate for the County of Fauquier in June 2019 was 2.6% which is 0.2% lower than in June 2018. This compares favorably to the State's average rate of 2.9% and the National average rate of 3.8%
- According to the Weldon Cooper Center for Public Service, Fauquier County's population was estimated to be 70,150, an increase of 1.5% over the prior year. Population estimates for the last ten years are provided in Table 12 of the Statistical Section of this report.
- The enrollment in public schools increased in fiscal year 2019 by 0.5% from 11,104 to 11,153. School enrollment for the last ten years is provided in Table 12, Statistical Section of this report.

- The latest available per capita personal income for Fauquier County was \$66,756 as of 2017, compared to \$55,306 for the Commonwealth of Virginia, as reported by the U.S. Department of Commerce Bureau of Economic Analysis. Per capita personal income for the last ten years is provided in Table 12 of the Statistical Section of this report.
- The County Civilian Labor Force increased by 2.5% from 36,833 to 37,765 as of fiscal year 2019. County Civilian Labor Workforce numbers for the last ten years are provided in Table 12 of the Statistical Section of this report.

Fiscal Year 2020 Budget and Rates

- For fiscal year 2020, the adopted budget for the General Fund is \$189.3 million, an increase of 2.9% from fiscal year 2019. Revenues are comprised primarily of general property taxes at 71.7%, other local taxes at 9.1%, permits, privilege fees and regulatory licenses at 0.8%, charges for services at 0.5%, State assistance at 14.7%, Federal assistance at 1.5%, use of money at 0.4%, and other revenues at 1.4%
- For fiscal year 2020, the County's contribution to and on behalf of the School Board component unit is \$102.7 million which includes the County's contribution to the School Board's operating fund of \$93.1 million and \$9.6 million contributed to the Debt Service Fund for school related debt. Support to the Schools represents 50.9% of the General Fund appropriations not including the allocation of shared services, which represents an additional 3.8% of local support. The percentage of General Fund appropriations supporting Schools is 0.5% more than fiscal year 2019.
- Public safety accounts for 10.6% of appropriations in fiscal year 2020, the second largest component of budgeted expenditures. Public safety volunteers are partially funded by a dedicated real property tax of \$0.13300 per \$100 of assessed value for tax year 2019. This tax partially supports County and volunteer fire and rescue operations.
- The tax rate for real property increased to \$.994 per \$100 of assessed value for tax year 2019 which is to support fiscal year 2020. Detail on the tax rates is provided in Table 6, Statistical Section of this report.

REQUESTS FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

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



GOVERNMENT-WIDE FINANCIAL STATEMENTS

COUNTY OF FAUQUIER, VIRGINIA

Statement of Net Position
June 30, 2019

Exhibit 1
Page 1 of 2

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	School Board
Assets				
Cash and cash equivalents	\$ 59,678,133	\$ 1,555,959	\$ 61,234,092	\$ 15,023,649
Cash and cash equivalents - restricted	18,423,878	1,021,401	19,445,279	7,494,280
Receivables, net of allowance for uncollectibles:				
Taxes, including penalties	3,332,343	-	3,332,343	-
Accounts	2,160,290	390,183	2,550,473	107,043
Internal balances	13,363,270	(13,363,270)	-	-
Inventories	204,701	40,158	244,859	155,831
Prepaid items	653,426	-	653,426	-
Investments	3,996,470	-	3,996,470	-
Investment in direct financing lease	15,879,749	-	15,879,749	-
Due from other governmental units	3,873,432	2,661,166	6,534,598	2,707,734
Net pension asset	-	-	-	1,854,624
Capital assets (non-depreciable/non-amortizable):				
Land	23,453,850	8,616,667	32,070,517	5,261,258
Construction in progress	11,091,462	12,454,722	23,546,184	5,732,286
Intangible assets	853,884	228,836	1,082,720	-
Capital assets (depreciable/amortizable):				
Buildings and improvements	54,379,501	24,718,630	79,098,131	255,984,833
Infrastructure	15,177,891	13,699,958	28,877,849	5,400,744
Machinery and equipment	21,489,934	3,946,193	25,436,127	24,786,384
Intangible assets	1,460,946	-	1,460,946	225,458
Accumulated depreciation/amortization	(53,490,450)	(25,457,901)	(78,948,351)	(126,756,468)
Total capital assets, net	74,417,018	38,207,105	112,624,123	170,634,495
Total assets	195,982,710	30,512,702	226,495,412	197,977,656
Deferred outflows of resources				
Deferred charge on refundings	1,194,063	248,747	1,442,810	-
Items related to measurement of net pension liability	618,904	17,763	636,667	1,380,154
Pension contributions subsequent to measurement date	3,283,851	98,262	3,382,113	11,889,746
Items related to measurement of net OPEB liability	366,479	12,500	378,979	327,928
OPEB contributions subsequent to measurement date	200,158	5,829	205,987	1,341,720
Total deferred outflows of resources	5,663,455	383,101	6,046,556	14,939,548
Liabilities				
Accounts payable	6,107,728	941,571	7,049,299	2,222,766
Accrued and other liabilities	2,583,358	21,281	2,604,639	11,971,392
Retainage	284,225	195,123	479,348	259,912
Accrued interest payable	1,339,096	86,310	1,425,406	126,074
Unearned revenue	5,061,969	15,610	5,077,579	482,426
Customer deposits	764,327	-	764,327	-
Noncurrent liabilities:				
Due within one year	11,074,029	694,000	11,768,029	417,498
Due in more than one year	90,199,528	24,248,172	114,447,700	14,429,918
Net pension liability	6,122,763	175,727	6,298,490	106,175,000
Net OPEB liability	6,330,212	194,035	6,524,247	21,175,905
Total liabilities	129,867,235	26,571,829	156,439,064	157,260,891
Deferred inflows of resources				
Revenue advances	534,420	-	534,420	-
Items related to measurement of net pension liability	1,575,336	45,214	1,620,550	16,460,432
Items related to measurement of net OPEB liability	1,177,616	39,482	1,217,098	3,956,082
Total deferred inflows of resources	3,287,372	84,696	3,372,068	20,416,514
Net position				
Net investment in capital assets	58,805,643	29,829,023	88,634,666	167,071,314
Restricted for:				
Parks, recreation, and cultural	552,083	-	552,083	-
Public safety	125,998	-	125,998	-
Public works	17,114	-	17,114	-
Proffers	4,597,335	-	4,597,335	-
Capital projects	1,651,580	826,278	2,477,858	-
Other purposes	689,980	-	689,980	-
Unrestricted (deficit)	2,051,825	(26,416,023)	(24,364,198)	(131,831,515)
Total net position	\$ 68,491,558	\$ 4,239,278	\$ 72,730,836	\$ 35,239,799

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

		<u>Reporting Entity</u>	
<u>Reclassifications (See Note 1 - E.15)</u>		<u>Total</u>	
			Assets
\$	-	\$ 76,257,741	Cash and cash equivalents
	-	26,939,559	Cash and cash equivalents - restricted
	-		Receivables, net of allowance for uncollectibles:
	-	3,332,343	Taxes, including penalties
	-	2,657,516	Accounts
	-	-	Internal balances
	-	400,690	Inventories
	-	653,426	Prepaid items
	-	3,996,470	Investments
	-	15,879,749	Investment in direct financing lease
	-	9,242,332	Due from other governmental units
	-	1,854,624	Net pension asset
	-		Capital assets (non-depreciable/non-amortizable):
	-	37,331,775	Land
	-	29,278,470	Construction in progress
	-	1,082,720	Intangible assets
	-		Capital assets (depreciable/amortizable):
	-	335,082,964	Buildings and improvements
	-	34,278,593	Infrastructure
	-	50,222,511	Machinery and equipment
	-	1,686,404	Intangible assets
	-	(205,704,819)	Accumulated depreciation/amortization
	-	283,258,618	Total capital assets, net
	-	424,473,068	Total assets
			Deferred outflows of resources
	-	1,442,810	Deferred charge on refundings
	-	2,016,821	Items related to measurement of net pension liability
	-	15,271,859	Pension contributions subsequent to measurement date
	-	706,907	Items related to measurement of net OPEB liability
	-	1,547,707	OPEB contributions subsequent to measurement date
	-	20,986,104	Total deferred outflows of resources
			Liabilities
	-	9,272,065	Accounts payable
	-	14,576,031	Accrued and other liabilities
	-	739,260	Retainage
	-	1,551,480	Accrued interest payable
	-	5,560,005	Unearned revenue
	-	764,327	Customer deposits
	-		Noncurrent liabilities:
	-	12,185,527	Due within one year
	-	128,877,618	Due in more than one year
	-	112,473,490	Net pension liability
	-	27,700,152	Net OPEB liability
	-	313,699,955	Total liabilities
			Deferred inflows of resources
	-	534,420	Revenue advances
	-	18,080,982	Items related to measurement of net pension liability
	-	5,173,180	Items related to measurement of net OPEB liability
	-	23,788,582	Total deferred inflows of resources
			Net position
(62,640,518)		193,065,462	Net investment in capital assets
			Restricted for:
	-	552,083	Parks, recreation, and cultural
	-	125,998	Public safety
	-	17,114	Public works
	-	4,597,335	Proffers
	-	2,477,858	Capital projects
	-	689,980	Other purposes
62,640,518		(93,555,195)	Unrestricted (deficit)
\$	-	\$ 107,970,635	Total net position

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

COUNTY OF FAUQUIER, VIRGINIA

Statement of Activities
Fiscal Year Ended June 30, 2019

Exhibit 2
Page 1 of 2

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities:				
General government administration	\$ 12,828,508	\$ 95,035	\$ 659,648	\$ -
Judicial administration	4,054,177	720,768	1,572,403	-
Public safety	51,080,252	1,515,100	12,148,093	-
Public works	10,028,420	-	546,560	3,149,157
Health and welfare	13,585,126	300	7,097,861	-
Education	90,255,631	-	13,634	-
Parks, recreation, and cultural	6,821,358	606,884	303,491	565,281
Community development	7,808,917	1,711,058	864,267	-
Interest on long-term debt	3,334,515	-	-	-
Total governmental activities	<u>199,796,904</u>	<u>4,649,145</u>	<u>23,205,957</u>	<u>3,714,438</u>
Business-type activities:				
Airport	958,674	698,639	26,141	4,387,020
Landfill and recycling	9,683,753	3,592,926	17,242	-
Sewer	-	-	-	618,523
Total business-type activities	<u>10,642,427</u>	<u>4,291,565</u>	<u>43,383</u>	<u>5,005,543</u>
Total primary government	<u>210,439,331</u>	<u>8,940,710</u>	<u>23,249,340</u>	<u>8,719,981</u>
Component unit				
School Board	<u>146,093,108</u>	<u>3,238,488</u>	<u>19,741,702</u>	<u>-</u>
Total component unit	<u>\$ 146,093,108</u>	<u>\$ 3,238,488</u>	<u>\$ 19,741,702</u>	<u>\$ -</u>
General revenues:				
General property taxes				
Local sales and use taxes				
Consumers' utility taxes				
Business and professional taxes				
Motor vehicle taxes				
Taxes on recordation and wills				
Other local taxes				
Contribution from primary government				
Investment income				
Miscellaneous				
Grants and contributions not restricted to specific programs				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position - beginning, restated				
Net position - ending				

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

Net (Expenses) Revenue and Changes in Net Position					
Primary Government			Component Unit	Reporting Entity	
Governmental Activities	Business-Type Activities	Total	School Board	Total	Functions/Programs
					Primary government
					Governmental activities:
\$ (12,073,825)	\$ -	\$ (12,073,825)	\$ -	\$ (12,073,825)	General government administration
(1,761,006)	-	(1,761,006)	-	(1,761,006)	Judicial administration
(37,417,059)	-	(37,417,059)	-	(37,417,059)	Public safety
(6,332,703)	-	(6,332,703)	-	(6,332,703)	Public works
(6,486,965)	-	(6,486,965)	-	(6,486,965)	Health and welfare
(90,241,997)	-	(90,241,997)	-	(90,241,997)	Education
(5,345,702)	-	(5,345,702)	-	(5,345,702)	Parks, recreation, and cultural
(5,233,592)	-	(5,233,592)	-	(5,233,592)	Community development
(3,334,515)	-	(3,334,515)	-	(3,334,515)	Interest on long-term debt
(168,227,364)	-	(168,227,364)	-	(168,227,364)	Total governmental activities
					Business-type activities:
-	4,153,126	4,153,126	-	4,153,126	Airport
-	(6,073,585)	(6,073,585)	-	(6,073,585)	Landfill and recycling
-	618,523	618,523	-	618,523	Sewer
-	(1,301,936)	(1,301,936)	-	(1,301,936)	Total business-type activities
(168,227,364)	(1,301,936)	(169,529,300)	-	(169,529,300)	Total primary government
					Component unit
					School Board
					General revenues:
152,069,874	-	152,069,874	-	152,069,874	General property taxes
9,571,159	-	9,571,159	-	9,571,159	Local sales and use taxes
1,742,954	-	1,742,954	-	1,742,954	Consumers' utility taxes
1,760,438	-	1,760,438	-	1,760,438	Business and professional taxes
2,018,892	-	2,018,892	-	2,018,892	Motor vehicle taxes
1,746,669	-	1,746,669	-	1,746,669	Taxes on recordation and wills
309,902	-	309,902	-	309,902	Other local taxes
-	-	-	89,887,969	89,887,969	Contribution from primary government
2,018,074	56,523	2,074,597	66,744	2,141,341	Investment income
235,204	414	235,618	1,682,221	1,917,839	Miscellaneous
17,067,268	-	17,067,268	33,767,785	50,835,053	Grants and contributions not restricted to specific programs
(1,945,301)	1,945,301	-	-	-	Transfers
186,595,133	2,002,238	188,597,371	125,404,719	314,002,090	Total general revenues and transfers
18,367,769	700,302	19,068,071	2,291,801	21,359,872	Change in net position
50,123,789	3,538,976	53,662,765	32,947,998	86,610,763	Net position - beginning, restated
\$ 68,491,558	\$ 4,239,278	\$ 72,730,836	\$ 35,239,799	\$ 107,970,635	Net position - ending

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



FUND FINANCIAL STATEMENTS



COUNTY OF FAUQUIER, VIRGINIA

Exhibit 3

Balance Sheet
Governmental Funds
June 30, 2019

	Primary Government					
	General Fund	Capital Projects Fund	Debt Service Fund	Fire and Rescue Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	\$ 11,706,064	\$ 22,536,859	\$ 86,231	\$ 7,218,406	\$ 930,026	\$ 42,477,586
Cash and cash equivalents - restricted	183,022	11,373,471	-	255,614	6,611,771	18,423,878
Receivables, net of allowance for uncollectibles:						
Taxes, including penalties	2,876,461	-	-	435,996	19,886	3,332,343
Accounts	1,312,362	29,330	-	51,233	275,948	1,668,873
Due from other funds	13,710,099	-	-	-	-	13,710,099
Investments	3,996,470	-	-	-	-	3,996,470
Investment in direct financing lease	-	-	15,879,749	-	-	15,879,749
Due from other governmental units	3,355,405	353,414	-	81,970	82,643	3,873,432
Total assets	37,139,883	34,293,074	15,965,980	8,043,219	7,920,274	103,362,430
Total assets and deferred outflows of resources	37,139,883	34,293,074	15,965,980	8,043,219	7,920,274	103,362,430
Liabilities						
Accounts payable	1,440,729	2,995,051	-	523,293	62,535	5,021,608
Accrued liabilities	787,977	-	-	56,291	2,877	847,145
Retainage	-	28,611	-	255,614	-	284,225
Other liabilities	537,957	1,098,807	-	88,876	-	1,725,640
Due to other funds	-	-	-	-	7,200	7,200
Unearned revenue	52,220	-	5,009,749	-	-	5,061,969
Escrows	-	-	-	-	764,327	764,327
Total liabilities	2,818,883	4,122,469	5,009,749	924,074	836,939	13,712,114
Deferred inflows of resources						
Revenue advances	465,857	-	-	62,566	5,997	534,420
Unavailable revenue	1,659,880	-	10,870,000	302,978	127,770	12,960,628
Total deferred inflows of resources	2,125,737	-	10,870,000	365,544	133,767	13,495,048
Total liabilities and deferred inflows of resources	4,944,620	4,122,469	15,879,749	1,289,618	970,706	27,207,162
Fund balances						
Restricted	183,022	11,344,860	-	-	5,799,488	17,327,370
Committed	1,884,459	18,825,745	-	6,753,601	1,150,080	28,613,885
Assigned	8,936,622	-	86,231	-	-	9,022,853
Unassigned	21,191,160	-	-	-	-	21,191,160
Total fund balances	32,195,263	30,170,605	86,231	6,753,601	6,949,568	76,155,268
Total liabilities, deferred inflows of resources, and fund balances	\$ 37,139,883	\$ 34,293,074	\$ 15,965,980	\$ 8,043,219	\$ 7,920,274	\$ 103,362,430

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

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 4

**Reconciliation of the Balance Sheet of the Governmental Funds
to the Statement of Net Position
June 30, 2019**

Total fund balance - governmental funds		\$ 76,155,268
Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:		
Prepaid items are recorded as expenditures when purchased in governmental funds, but are recorded as assets and the expense is amortized over the period for which it relates in the government-wide statements.	653,426	
Noncurrent assets and deferred outflows of resources are not current financial resources and therefore not reported in the governmental funds.		
Capital assets used in governmental activities (excludes \$233,410 for internal service funds)	74,183,608	
Losses on refunding of debt issuances	1,194,063	
Deferred outflows of resources related to pensions (excludes \$12,542 for internal service funds)	606,362	
Contributions to pension plans (excludes \$69,096 for internal service funds)	3,214,755	
Deferred outflows of resources related to OPEB (excludes \$8,117 for internal service funds)	358,362	
Contributions to OPEB plans (excludes \$4,037 for internal service funds)	<u>196,121</u>	79,753,271
Internal service funds are used by management to charge the costs of fleet maintenance and health insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.	13,304,547	
Unavailable taxes, grant, proffer and EMS ambulance billing revenue represent amounts that were not available to fund current expenditures and therefore are not reported as revenue in the governmental funds.	12,960,628	
Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due.	(1,339,096)	
Long-term liabilities and deferred inflows of resources are not due and payable in the current year and therefore are not reported as such in the governmental funds.		
Compensated absences (excludes \$122,173 for internal service funds)	(4,874,377)	
Capital leases	(4,441,976)	
Certificates of participation	(4,055,000)	
General obligation bonds	(80,069,000)	
Premium on bonds payable	(4,658,654)	
Net pension liability (excludes \$124,082 for internal service funds)	(5,998,681)	
Net OPEB liability (excludes \$128,227 for internal service funds)	(6,201,985)	
Deferred inflows of resources related to pensions (excludes \$31,924 for internal service funds)	(1,543,412)	
Deferred inflows of resources related to OPEB (excludes \$24,215 for internal service funds)	<u>(1,153,401)</u>	(112,996,486)
Net position of governmental activities		\$ <u>68,491,558</u>

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

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 5

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Fiscal Year Ended June 30, 2019

	General Fund	Capital Projects Fund	Debt Service Fund	Fire and Rescue Fund	Other Governmental Funds	Total Governmental Funds
Revenues						
General property taxes	\$ 134,777,826	\$ -	\$ -	\$ 15,869,758	\$ 1,123,673	\$ 151,771,257
Other local taxes	17,150,014	-	-	-	-	17,150,014
Permits, privilege fees, and regulatory licenses	1,799,330	-	-	-	-	1,799,330
Fines and forfeitures	505,326	-	-	-	41,223	546,549
Revenue from use of money and property	1,215,846	27,755	-	277,314	100,192	1,621,107
Charges for services	1,018,441	28,189	-	-	1,563,648	2,610,278
Gifts and donations	68,355	-	-	-	782,571	850,926
Recovered costs	310,536	43,440	-	135,059	-	489,035
Miscellaneous revenue	310,461	3,579,773	223,197	273,915	2,779	4,390,125
Intergovernmental:						
Commonwealth of Virginia	26,689,107	490,586	-	279,078	136,986	27,595,757
Federal Government	3,467,481	202,646	398,650	930,432	7,200	5,006,409
Total revenues	187,312,723	4,372,389	621,847	17,765,556	3,758,272	213,830,787
Expenditures						
Current operating:						
General government administration	14,125,547	-	-	-	-	14,125,547
Judicial administration	4,096,274	-	-	-	-	4,096,274
Public safety	21,056,023	2,152,774	6,952,655	20,903,621	492,245	51,557,318
Public works	8,254,828	1,171,901	-	-	11,126	9,437,855
Health and welfare	12,599,575	-	-	-	13,792	12,613,367
Education	89,245,889	-	712,505	-	-	89,958,394
Parks, recreation, and cultural	6,602,760	2,903,476	-	-	36,855	9,543,091
Community development	5,975,720	1,482,552	-	-	696,879	8,155,151
Nondepartmental	605,562	-	-	-	-	605,562
Capital outlay	-	4,419,969	-	-	-	4,419,969
Debt service:						
Principal retirement	-	-	8,456,382	-	-	8,456,382
Interest charges	-	-	3,324,317	-	-	3,324,317
Issuance costs	-	-	186,938	-	-	186,938
Fiscal charges	-	-	4,901	-	-	4,901
Total expenditures	162,562,178	12,130,672	19,637,698	20,903,621	1,250,897	216,485,066
Excess (deficiency) of revenues over (under) expenditures	24,750,545	(7,758,283)	(19,015,851)	(3,138,065)	2,507,375	(2,654,279)
Other financing sources (uses)						
Transfers in	361,662	12,822,375	12,323,544	961,601	4,445	26,473,627
Transfers (out)	(23,811,862)	(812,116)	(1,220,770)	(1,174,626)	(1,434,301)	(28,453,675)
Issuance of debt	-	9,364,502	7,186,659	-	-	16,551,161
Premium on debt	-	1,107,610	729,818	-	-	1,837,428
Total other financing sources (uses)	(23,450,200)	22,482,371	19,019,251	(213,025)	(1,429,856)	16,408,541
Net change in fund balances/(deficits)	1,300,345	14,724,088	3,400	(3,351,090)	1,077,519	13,754,262
Fund balances - beginning	30,894,918	15,446,517	82,831	10,104,691	5,872,049	62,401,006
Fund balances - ending	\$ 32,195,263	\$ 30,170,605	\$ 86,231	\$ 6,753,601	\$ 6,949,568	\$ 76,155,268

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

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 6

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of the Governmental Funds to the Statement of Activities
Fiscal Year Ended June 30, 2019**

Net change in fund balance - total governmental funds		\$ 13,754,262
Amounts reported for governmental activities in the Statement of Activities (Exhibit 2) are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense, which is not a use of current financial resources.		
Capital outlays	11,005,851	
Depreciation expense (less \$28,830 for internal service funds)	<u>(4,363,603)</u>	6,642,248
Governmental funds reported a capital contribution to the enterprise funds related to the construction of sewer infrastructure. In the government-wide statement of activities, this capital contribution is reported as a current year inflow/outflow from business-type activities and governmental activities, respectively.		
		(618,523)
In the Statement of Activities, only the gain (loss) on capital assets is reported, while in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold.		
		(159,992)
Prepaid items are recorded as expenditures when purchased in governmental funds, but are recorded as assets and the expense is amortized over the period for which it relates in the government-wide statements.		
Add current year prepaid items	653,426	
Less prior year prepaid items (excludes \$166,763 for internal service funds)	<u>(691,695)</u>	(38,269)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Add current year's unavailable revenue	12,960,628	
Less prior year's unavailable revenue	<u>(6,589,373)</u>	6,371,255
Internal service funds are used by management to charge the costs of fleet maintenance and health insurance to individual funds. The net revenue of certain activities of internal services is reported with governmental activities.		
		383,411
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.		
Less debt proceeds	(18,388,589)	
Add debt principal repayment	8,456,382	
Add amortization of bond payable premiums	613,979	
Less amortization of deferred loss on refunding	<u>(370,299)</u>	(9,688,527)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Less current year's compensated absences (excludes \$122,173 for internal service funds)	(4,874,377)	
Add prior year's compensated absences (excludes \$124,693 for internal service funds)	4,662,532	
Less current year's accrued interest payable	(1,339,096)	
Add prior year's accrued interest payable	1,277,057	
Add current year's deferred outflow related to pensions (excludes \$12,542 for internal service funds)	606,362	
Less prior year's deferred outflow related to pensions (excludes \$7,079 for internal service funds)	(338,481)	
Add current year's deferred outflow related to OPEB (excludes \$8,117 for internal service funds)	358,362	
Less prior year's deferred outflow related to OPEB (excludes \$502 for internal service funds)	(24,196)	
Less current year's net pension liability (excludes \$124,082 for internal service funds)	(5,998,681)	
Add prior year's net pension liability (excludes \$126,360 for internal service funds)	6,041,636	
Less current year's net OPEB liability (excludes \$128,227 for internal service funds)	(6,201,985)	
Add prior year's net OPEB liability (excludes \$122,547 for internal service funds)	6,051,578	
Less current year's deferred inflow related to pensions (excludes \$31,924 for internal service funds)	(1,543,412)	
Add prior year's deferred inflow related to pensions (excludes \$57,930 for internal service funds)	2,769,826	
Less current year's deferred inflow related to OPEB (excludes \$24,215 for internal service funds)	(1,153,401)	
Add prior year's deferred inflow related to OPEB (excludes \$21,250 for internal service funds)	<u>1,059,243</u>	1,352,967
Governmental funds report current year contributions to pension and OPEB plans as expenditures.		
In the Statement of Activities, current year contributions are reported as deferred outflow of resources.		
Add current year pension contributions (excludes \$69,096 for internal service funds)	3,214,755	
Less prior year pension contributions (excludes \$59,992 for internal service funds)	(2,862,025)	
Add current year OPEB contributions (excludes \$4,037 for internal service funds)	196,121	
Less prior year OPEB contributions (excludes \$3,768 for internal service funds)	<u>(179,914)</u>	368,937
Change in net position of governmental activities		\$ 18,367,769

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

COUNTY OF FAUQUIER, VIRGINIA

**Statement of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
General Fund
Fiscal Year Ended June 30, 2019**

**Exhibit 7
Page 1 of 4**

	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Revenues				
General property taxes	\$ 132,239,472	\$ 132,239,472	\$ 134,777,826	\$ 2,538,354
Other local taxes	16,330,508	16,330,508	17,150,014	819,506
Permits, privilege fees, and regulatory licenses	1,816,900	1,816,900	1,799,330	(17,570)
Fines and forfeitures	432,500	432,500	505,326	72,826
Revenue from use of money and property	379,937	379,937	1,215,846	835,909
Charges for services	932,633	968,591	1,018,441	49,850
Gifts and donations	1,000	68,249	68,355	106
Recovered costs	240,050	339,898	310,536	(29,362)
Miscellaneous revenue	364,991	368,224	310,461	(57,763)
Intergovernmental:				
Commonwealth of Virginia	27,308,269	27,829,149	26,689,107	(1,140,042)
Federal Government	2,580,272	3,034,700	3,467,481	432,781
Total revenues	182,626,532	183,808,128	187,312,723	3,504,595
Expenditures				
Current operating:				
General government administration:				
Legislative:				
Board of supervisors	292,097	293,674	293,286	388
General and financial administration:				
County administrator	833,892	836,623	738,196	98,427
General reassessment	132,727	706,674	144,653	562,021
County attorney	754,625	801,716	801,715	1
Independent auditor	186,105	186,105	179,215	6,890
Commissioner of the revenue	1,622,557	1,641,126	1,641,126	-
Treasurer	1,353,038	1,375,968	1,371,304	4,664
Information technology	3,962,744	4,019,083	3,930,514	88,569
Human resources	2,938,092	3,032,295	2,259,182	773,113
Finance	1,499,971	1,508,303	1,468,307	39,996
Office of management and budget	573,937	581,144	533,266	47,878
Geographic information systems	356,560	363,396	312,241	51,155
Total general and financial administration	14,214,248	15,052,433	13,379,719	1,672,714
Board of elections:				
Registrar	467,087	476,008	452,542	23,466
Total general government administration	\$ 14,973,432	\$ 15,822,115	\$ 14,125,547	\$ 1,696,568

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

COUNTY OF FAUQUIER, VIRGINIA

**Statement of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
General Fund
Fiscal Year Ended June 30, 2019**

**Exhibit 7
Page 2 of 4**

	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Expenditures (continued)				
Current operating: (continued)				
Judicial administration:				
Courts:				
Circuit court	\$ 138,644	\$ 139,725	\$ 119,244	\$ 20,481
General district court	32,700	32,700	19,685	13,015
Magistrates	87,773	87,773	57,070	30,703
Juvenile and domestic relations district court	17,726	17,726	14,018	3,708
Clerk of the circuit court	1,270,046	1,289,506	1,273,919	15,587
Adult court services	979,707	1,007,090	1,007,090	-
Commissioner of accounts	15,600	15,600	15,600	-
Total courts	<u>2,542,196</u>	<u>2,590,120</u>	<u>2,506,626</u>	<u>83,494</u>
Commonwealth's attorney:				
Commonwealth's attorney	<u>1,521,159</u>	<u>1,592,636</u>	<u>1,589,648</u>	<u>2,988</u>
Total judicial administration	<u>4,063,355</u>	<u>4,182,756</u>	<u>4,096,274</u>	<u>86,482</u>
Public safety:				
Law enforcement and traffic control:				
Sheriff	12,381,704	12,489,936	12,463,404	26,532
Joint communications	<u>2,899,791</u>	<u>2,876,269</u>	<u>2,759,435</u>	<u>116,834</u>
Total law enforcement and traffic control	<u>15,281,495</u>	<u>15,366,205</u>	<u>15,222,839</u>	<u>143,366</u>
Correction and detention:				
Sheriff	3,215,537	3,368,958	3,367,930	1,028
Northwest regional jail	2,405,554	2,405,554	2,339,780	65,774
Probation office	4,359	4,359	2,957	1,402
Juvenile detention and crime control	<u>305,173</u>	<u>305,173</u>	<u>122,517</u>	<u>182,656</u>
Total correction and detention	<u>5,930,623</u>	<u>6,084,044</u>	<u>5,833,184</u>	<u>250,860</u>
Total public safety	<u>21,212,118</u>	<u>21,450,249</u>	<u>21,056,023</u>	<u>394,226</u>
Public works:				
Sanitation and waste removal:				
Solid waste operations	<u>2,698,081</u>	<u>2,993,792</u>	<u>2,948,717</u>	<u>45,075</u>
General buildings and grounds maintenance:				
General services	<u>5,360,648</u>	<u>5,461,345</u>	<u>5,306,111</u>	<u>155,234</u>
Total public works	<u>\$ 8,058,729</u>	<u>\$ 8,455,137</u>	<u>\$ 8,254,828</u>	<u>\$ 200,309</u>

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

COUNTY OF FAUQUIER, VIRGINIA

Statement of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
General Fund
Fiscal Year Ended June 30, 2019

Exhibit 7
Page 3 of 4

	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Expenditures (continued)				
Current operating: (continued)				
Health and welfare:				
Health:				
Supplement of local health department	\$ 607,877	\$ 607,877	\$ 607,877	\$ -
Welfare:				
Institutional care	475,225	482,215	482,215	-
Social services	6,517,658	7,555,448	7,291,072	264,376
Comprehensive services act	4,707,474	4,808,058	4,218,411	589,647
Total welfare	11,700,357	12,845,721	11,991,698	854,023
Total health and welfare	12,308,234	13,453,598	12,599,575	854,023
Education:				
Contribution to component unit – School Board	89,309,351	90,903,740	89,175,464	1,728,276
Community colleges	70,425	70,425	70,425	-
Total education	89,379,776	90,974,165	89,245,889	1,728,276
Parks, recreation, and cultural:				
Parks and recreation:				
Parks and recreation	4,056,952	4,184,915	4,110,048	74,867
Library:				
Public library	2,508,152	2,567,590	2,492,712	74,878
Total parks, recreation, and cultural	6,565,104	6,752,505	6,602,760	149,745
Community development:				
Planning and community development:				
Community development	4,727,185	4,824,453	4,551,561	272,892
Planning	151,631	159,506	132,103	27,403
Economic development	811,965	844,119	787,412	56,707
Agriculture development	68,119	195,911	183,477	12,434
Total planning and community development	5,758,900	6,023,989	5,654,553	369,436
Environmental management:				
Soil and water conservation district	159,186	161,948	161,948	-
Cooperative extension program:				
VPI extension	156,211	175,522	159,219	16,303
Total community development	\$ 6,074,297	\$ 6,361,459	\$ 5,975,720	\$ 385,739

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

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 7
Page 4 of 4

**Statement of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
General Fund
Fiscal Year Ended June 30, 2019**

	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Expenditures (continued)				
Current operating: (continued)				
Nondepartmental:				
Nondepartmental operations	\$ 3,117,031	\$ 2,004,776	\$ 605,562	\$ 1,399,214
Total expenditures	165,752,076	169,456,760	162,562,178	6,894,582
Excess (deficiency) of revenues over (under) expenditures	16,874,456	14,351,368	24,750,545	10,399,177
Other financing sources (uses)				
Transfers in	478,137	478,137	361,662	(116,475)
Transfers (out)	(18,340,290)	(23,816,881)	(23,811,862)	5,019
Total other financing sources (uses)	(17,862,153)	(23,338,744)	(23,450,200)	(111,456)
Net change in fund balances/(deficits)	(987,697)	(8,987,376)	1,300,345	10,287,721
Fund balances - beginning	30,894,918	30,894,918	30,894,918	-
Fund balances - ending	\$ 29,907,221	\$ 21,907,542	\$ 32,195,263	\$ 10,287,721

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

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 8

**Statement of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
Fire and Rescue Fund
Fiscal Year Ended June 30, 2019**

	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Revenues				
General property taxes	\$ 15,450,309	\$ 15,450,309	\$ 15,869,758	\$ 419,449
Revenue from use of money and property	80,000	80,000	277,314	197,314
Recovered costs	-	134,397	135,059	662
Miscellaneous Revenue	5,000	79,087	273,915	194,828
Intergovernmental:				
Commonwealth of Virginia	273,802	275,573	279,078	3,505
Federal Government	976,980	976,980	930,432	(46,548)
Total revenues	16,786,091	16,996,346	17,765,556	769,210
Expenditures				
Current operating:				
Public safety	16,917,495	21,877,482	20,903,621	973,861
Total expenditures	16,917,495	21,877,482	20,903,621	973,861
Excess (deficiency) of revenues over (under) expenditures	(131,404)	(4,881,136)	(3,138,065)	1,743,071
Other financing sources (uses)				
Transfers in	961,601	961,601	961,601	-
Transfers (out)	(1,074,023)	(1,174,626)	(1,174,626)	-
Total other financing sources (uses)	(112,422)	(213,025)	(213,025)	-
Net change in fund balances/(deficits)	(243,826)	(5,094,161)	(3,351,090)	1,743,071
Fund balances - beginning	10,104,691	10,104,691	10,104,691	-
Fund balances - ending	<u>\$ 9,860,865</u>	<u>\$ 5,010,530</u>	<u>\$ 6,753,601</u>	<u>\$ 1,743,071</u>

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

COUNTY OF FAUQUIER, VIRGINIA

Statement of Net Position
Proprietary Funds
June 30, 2019

Exhibit 9
Page 1 of 2

	Business-Type Activities – Enterprise Funds				Governmental Activities
	Airport Fund	Landfill and Recycling Fund	Sewer Fund	Total	Internal Service Funds
Assets					
Current assets:					
Cash and cash equivalents	\$ -	\$ 1,548,987	\$ 6,972	\$ 1,555,959	\$ 17,200,547
Cash and cash equivalents - restricted	296,482	369,779	355,140	1,021,401	-
Receivables, net of allowance for uncollectibles	96,126	294,057	-	390,183	491,417
Inventories	40,158	-	-	40,158	204,701
Due from other governmental units	2,661,166	-	-	2,661,166	-
Total current assets	3,093,932	2,212,823	362,112	5,668,867	17,896,665
Noncurrent assets:					
Capital assets (non-depreciable/non-amortizable):					
Land	6,612,678	1,446,449	557,540	8,616,667	-
Construction in progress	9,324,543	1,829,481	1,300,698	12,454,722	-
Intangible assets	228,836	-	-	228,836	-
Capital assets (depreciable/amortizable):					
Buildings and improvements	2,977,276	21,741,354	-	24,718,630	349,000
Infrastructure	12,845,652	854,306	-	13,699,958	-
Machinery and equipment	487,313	3,458,880	-	3,946,193	699,679
Accumulated depreciation/amortization	(12,603,974)	(12,853,927)	-	(25,457,901)	(815,269)
Total capital assets, net	19,872,324	16,476,543	1,858,238	38,207,105	233,410
Total noncurrent assets	19,872,324	16,476,543	1,858,238	38,207,105	233,410
Total assets	22,966,256	18,689,366	2,220,350	43,875,972	18,130,075
Deferred outflows of resources					
Deferred charge on refunding	-	248,747	-	248,747	-
Items related to measurement of net pension liability	2,865	14,898	-	17,763	12,542
Pension contributions subsequent to measurement date	15,917	82,345	-	98,262	69,096
Items related to measurement of net OPEB liability	1,862	10,638	-	12,500	8,117
OPEB contributions subsequent to measurement date	927	4,902	-	5,829	4,037
Total deferred outflows of resources	21,571	361,530	-	383,101	93,792
Total assets and deferred outflows of resources	\$ 22,987,827	\$ 19,050,896	\$ 2,220,350	\$ 44,259,073	\$ 18,223,867

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

COUNTY OF FAUQUIER, VIRGINIA

Statement of Net Position
Proprietary Funds
June 30, 2019

Exhibit 9
Page 2 of 2

	Business-Type Activities – Enterprise Funds				Governmental Activities
	Airport Fund	Landfill and Recycling Fund	Sewer Fund	Total	Internal Service Funds
Liabilities					
Current liabilities:					
Accounts payable	\$ 476,405	\$ 465,166	\$ -	\$ 941,571	\$ 1,086,120
Accrued and other liabilities	3,101	18,180	-	21,281	10,573
Retainage	175,122	20,001	-	195,123	-
Accrued interest payable	-	86,310	-	86,310	-
Due to other funds	680,378	12,682,892	-	13,363,270	339,629
Unearned revenue	15,610	-	-	15,610	-
Current portion of compensated absences	2,046	8,510	-	10,556	12,217
Current portion of incurred but not reported claims	-	-	-	-	763,094
Current portion of long-term bonds payable	-	328,304	355,140	683,444	-
Total current liabilities	1,352,662	13,609,363	355,140	15,317,165	2,211,633
Noncurrent liabilities:					
Accrued closure and postclosure liability	-	15,860,002	-	15,860,002	-
Noncurrent portion of compensated absences	18,418	76,589	-	95,007	109,956
Noncurrent portion of incurred but not reported claims	-	-	-	-	2,289,283
Noncurrent portion of long-term bonds payable	-	8,165,214	127,949	8,293,163	-
Net pension liability	28,342	147,385	-	175,727	124,082
Net OPEB liability	28,282	165,753	-	194,035	128,227
Total noncurrent liabilities	75,042	24,414,943	127,949	24,617,934	2,651,548
Total liabilities	1,427,704	38,024,306	483,089	39,935,099	4,863,181
Deferred inflows of resources					
Items related to measurement of pension liability	7,293	37,921	-	45,214	31,924
Items related to measurement of OPEB liability	5,552	33,930	-	39,482	24,215
Total deferred inflows of resources	12,845	71,851	-	84,696	56,139
Total liabilities and deferred inflows of resources	1,440,549	38,096,157	483,089	40,019,795	4,919,320
Net position					
Net investment in capital assets	19,872,324	8,581,550	1,375,149	29,829,023	233,410
Restricted for:					
Capital projects	121,360	349,778	355,140	826,278	-
Unrestricted (deficit)	1,553,594	(27,976,589)	6,972	(26,416,023)	13,071,137
Total net position	21,547,278	(19,045,261)	1,737,261	4,239,278	13,304,547
Total liabilities, deferred inflows of resources, and net position	\$ 22,987,827	\$ 19,050,896	\$ 2,220,350	\$ 44,259,073	\$ 18,223,867

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

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 10

Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
Fiscal Year Ended June 30, 2019

	Business-Type Activities – Enterprise Funds				Governmental Activities
	Airport Fund	Landfill and Recycling Fund	Sewer Fund	Total	Internal Service Funds
Operating revenues					
Charges for services	\$ 287,732	\$ 3,132,883	\$ -	\$ 3,420,615	\$ 36,251,532
Recycling revenues	-	460,043	-	460,043	-
Miscellaneous revenue	69	16	-	85	593,992
Fuel	410,907	-	-	410,907	-
Total operating revenues	698,708	3,592,942	-	4,291,650	36,845,524
Operating expenses					
Cost of goods sold	340,651	-	-	340,651	-
Personal services	196,043	1,155,924	-	1,351,967	802,440
Fringe benefits	56,943	449,822	-	506,765	278,713
Claims and benefits paid	-	-	-	-	28,362,751
Premiums	-	-	-	-	3,080,247
Contractual services	83,077	5,777,018	-	5,860,095	2,144,423
Other operating expenses	74,496	333,954	-	408,450	2,165,380
Landfill closure and postclosure liability	-	510,614	-	510,614	-
Depreciation	205,415	1,183,948	-	1,389,363	28,830
Pension and OPEB expense	2,049	(21,480)	-	(19,431)	31,043
Total operating expenses	958,674	9,389,800	-	10,348,474	36,893,827
Operating loss	(259,966)	(5,796,858)	-	(6,056,824)	(48,303)
Nonoperating revenues (expenses)					
Interest income (expense)	5,450	(249,705)	6,825	(237,430)	396,967
Insurance recoveries	-	329	-	329	-
Operating grants - Commonwealth of Virginia	26,141	17,242	-	43,383	-
Total nonoperating revenues (expenses)	31,591	(232,134)	6,825	(193,718)	396,967
Income (loss) before capital contributions, grants, and transfers	(228,375)	(6,028,992)	6,825	(6,250,542)	348,664
Capital contributions and grants					
Capital contributions	8,860	-	618,523	627,383	-
Capital grants - Commonwealth of Virginia	2,554,143	-	-	2,554,143	-
Capital grants - Federal Government	1,824,017	-	-	1,824,017	-
Total capital contributions and capital grants	4,387,020	-	618,523	5,005,543	-
Transfers					
Transfers in	827,366	1,117,935	-	1,945,301	34,747
Total transfers in (out)	827,366	1,117,935	-	1,945,301	34,747
Change in net position	4,986,011	(4,911,057)	625,348	700,302	383,411
Net position - beginning, restated	16,561,267	(14,134,204)	1,111,913	3,538,976	12,921,136
Net position - ending	\$ 21,547,278	\$ (19,045,261)	\$ 1,737,261	\$ 4,239,278	\$ 13,304,547

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

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 11

Statement of Cash Flows
Proprietary Funds
Fiscal Year Ended June 30, 2019

	Business-Type Activities – Enterprise Funds				Governmental Activities
	Airport Fund	Landfill and Recycling Fund	Sewer Fund	Total	Internal Service Funds
Cash Flow from Operating Activities					
Receipts from customers and users	\$ 686,687	\$ 3,811,534	\$ -	\$ 4,498,221	\$ 665,707
Receipts from interfund services provided	-	-	-	-	35,467,681
Payments to suppliers and other operating activities	(949,560)	(6,153,693)	-	(7,103,253)	(34,571,647)
Payments to employees (including fringes)	(267,123)	(1,716,451)	-	(1,983,574)	(1,155,380)
Payments for interfund services used	(3,570)	(56,086)	-	(59,656)	-
Net cash provided by (used for) operating activities	(533,566)	(4,114,696)	-	(4,648,262)	406,361
Cash Flow from Noncapital Financing Activities					
Transfers in	827,366	1,117,935	-	1,945,301	34,747
Proceeds from interfund obligation	401,387	4,243,671	-	4,645,058	339,629
Operating grants received	28,745	17,242	-	45,987	-
Net cash provided by noncapital financing activities	1,257,498	5,378,848	-	6,636,346	374,376
Cash Flow from Capital and Related Financing Activities					
Acquisition and construction of capital assets	(5,251,641)	(556,454)	-	(5,808,095)	-
Capital grants received	4,006,751	-	-	4,006,751	-
Capital contribution	8,860	-	-	8,860	-
Principal paid on debt	-	(240,000)	-	(240,000)	-
Interest and other fiscal cost on debt	-	(352,113)	-	(352,113)	-
Insurance Recoveries	-	329	-	329	-
Net cash provided by (used for) capital and related financing activities	(1,236,030)	(1,148,238)	-	(2,384,268)	-
Cash Flow from Investing Activities					
Interest income	5,450	44,248	6,825	56,523	396,967
Net cash provided by investing activities	5,450	44,248	6,825	56,523	396,967
Net increase (decrease) in cash and cash equivalents	(506,648)	160,162	6,825	(339,661)	1,177,704
Cash and cash equivalents - beginning of the year	803,130	1,758,604	355,287	2,917,021	16,022,843
Cash and cash equivalents - end of the year	296,482	1,918,766	362,112	2,577,360	17,200,547
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities					
Cash flows from operations:					
Operating income (loss)	(259,966)	(5,796,858)	-	(6,056,824)	(48,303)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation	205,415	1,183,948	-	1,389,363	28,830
Amortization	-	(60,197)	-	(60,197)	-
Changes in operating assets and liabilities:					
(Increase) decrease in receivables	(15,102)	218,592	-	203,490	(120,161)
(Increase) decrease in inventory	3,771	-	-	3,771	13,948
(Increase) decrease in prepaid items	-	-	-	-	166,763
(Increase) decrease in deferred outflows of resources	(4,437)	(9,701)	-	(14,138)	(22,451)
Increase (decrease) in accounts payable	(508,845)	(35,680)	-	(544,525)	196,862
Increase (decrease) in accrued liabilities	2,706	(23,458)	-	(20,752)	(1,094)
Increase (decrease) in retainage	50,168	-	-	50,168	-
Increase (decrease) in accrued interest payable	-	(2,930)	-	(2,930)	-
Increase (decrease) in unearned revenue	3,081	-	-	3,081	-
Increase (decrease) in incurred but not reported claims	-	-	-	-	211,606
Increase (decrease) in landfill closure and postclosure liability	-	510,614	-	510,614	-
Increase (decrease) in net pension liability	(2,288)	(35,771)	-	(38,059)	(2,278)
Increase (decrease) in net OPEB liability	(1,664)	(18,755)	-	(20,419)	5,680
Increase (decrease) in deferred inflows of resources	(6,405)	(44,500)	-	(50,905)	(23,041)
Net cash provided by (used for) operating activities	\$ (533,566)	\$ (4,114,696)	\$ -	\$ (4,648,262)	\$ 406,361

Noncash, investing, capital, and financing activities:

The primary government, contributed assets and corresponding debt obligation related to the construction of sewer infrastructure to the Sewer fund during the fiscal year. The debt proceeds and costs were recorded in the Capital Projects Fund, but the asset and related debt are required to be reported in the Sewer Enterprise Fund. This resulted in a non-cash capital and financing activity in the amount of \$983,025 for the assets related to the project, off set by \$364,502 in related debt was transferred by the primary government. The net amount is reflected as a capital contribution on Exhibit 10.

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

COUNTY OF FAUQUIER, VIRGINIA**Exhibit 12****Statement of Fiduciary Net Position****Fiduciary Funds****June 30, 2019**

	Other Postemployment Benefit Plans Fund	Agency Funds
Assets		
Cash and cash equivalents	\$ -	\$ 3,386,578
Cash in custody of others	-	119,983
Receivables, net of allowance for uncollectibles:		
Accounts	-	2,800
Investments at fair value:		
Investment in pooled funds	972,354	-
Total assets	972,354	3,509,361
Liabilities		
Accounts payable	10,733	-
Accrued liabilities	-	8,581
Amounts held for clients/others	-	3,500,780
Total liabilities	10,733	\$ 3,509,361
Net position		
Restricted for:		
Postemployment benefits other than pensions	961,621	
Total net position	\$ 961,621	

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

COUNTY OF FAUQUIER, VIRGINIA**Exhibit 13****Statement of Changes in Fiduciary Net Position
Other Postemployment Benefit Plans Fund
Fiscal Year Ended June 30, 2019**

	Other Postemployment Benefit Plans Fund
	<hr/>
Additions	
Contribution for beneficiary	\$ 171,040
Investment income	
Net increase in the fair value of investments	34,878
Interest and dividends	<hr/> 382
	<hr/>
Net investment income	35,260
	<hr/>
Total additions	206,300
	<hr/>
Deductions	
Distributions	8,187
Administrative fees	<hr/> 1,304
	<hr/>
Total deductions	9,491
	<hr/>
Net increase (decrease) in net position	196,809
	<hr/>
Net position - beginning	764,812
Net position - ending	\$ <hr/> 961,621 <hr/>

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



NOTES TO FINANCIAL STATEMENTS



COUNTY OF FAUQUIER, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. The financial reporting entity

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

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

The School Board consists of the following governmental funds:

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

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

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

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

The *Crockett Scholarship Private-Purpose Trust Fund* is a private-purpose trust fund established by a private donation. This fund accounts for and reports the principal and income available to provide benefits for scholarships.

The *Mountain Vista Regional Governor's School Fund* is an agency fund used to account for and report funds collected from six school divisions for the purpose of operating the Mountain Vista Governor's School. Fauquier County School Board serves as the fiscal agent for these funds.

The *School Activity Fund* is an agency fund used to account for and report funds collected at the schools in connection with student athletics, clubs, various fundraising activities, and private donations.

The School Board component unit is discretely presented in a separate column in the government-wide statements to emphasize that it is legally and operationally separate from the government and is also reported in the other supplementary information section of this document. The School Board does not issue separate financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and fund financial statements

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

Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

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

Because the primary focus of government is to provide services to its citizens, the government-wide Statement of Activities reports expenses and revenues in a format that focuses on the cost of each of the government’s functions. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants). The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment; and 3) capital grants and contributions, including special assessments restricted to meeting operational or capital requirements of a particular function. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Taxes and other revenue not specific to programs are reported as general revenues.

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

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

The government-wide financial, proprietary, and fiduciary fund statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting* except for agency funds which are custodial in nature (assets equal liabilities) and do not have a measurement focus or measurement of the results of operations. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

enough thereafter to pay liabilities of the current period. For this purpose, the government considers the availability period to be within sixty days of the end of the current fiscal period.

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

Sales and utility taxes, which are collected by the State or utilities and subsequently remitted to the County, are recognized as revenues and receivables upon collection by the State or utility, which is generally in the month preceding receipt by the County.

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

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

The County reports the following major fund types:

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

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

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

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

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

The County reports the following nonmajor fund types:

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The County reports the following additional fund types:

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

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

The *Fiduciary Funds* account for assets held by the government in a trustee capacity or as agent or custodian for individuals, private organizations, other governmental units, or other funds. The Other Employee Benefit Trust Fund accounts for assets held in trust by the County for the costs of health care and other non-pension benefits offered to retirees. Agency funds include the Working Together Fund, Fire and Rescue Volunteer USDA Debt Service Fund, Volunteer Fire and Rescue Association Fund, Volunteer Fire and Rescue Operations Fund, Special Welfare Fund, Detention Center Fund, Service to Outside Agencies Fund and Commonwealth Opportunity Fund.

D. Stewardship, compliance, and accountability

1. Budgetary information

Annual budgets are legally adopted for all governmental funds on a basis consistent with generally accepted accounting principles (GAAP) except for the Parks and Recreation Special Revenue Fund, the Library Special Revenue Fund, the Marshall Electric Light and Business Improvement District Special Revenue Fund, the Proffer Fund, the Stormwater Management Fund, the Vint Hill Transportation Special Revenue Fund, the Educational Farm Fund, the Treasurer's E-Summons Fund, the Project Lifesaver Fund, and all agency funds.

Prior to February 28th, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1st. The operating and capital budget includes proposed expenditures and the means of financing them. Public hearings are conducted to obtain citizen comments. Prior to April 15th, the budget is adopted by passage of an Adoption Resolution and funding legally enacted through passage of an Appropriations Resolution, at a time prior to July 1 of each year as deemed appropriated by the Board of Supervisors based on the date of the budget enactment for the Commonwealth of Virginia. If the Commonwealth of Virginia were not to take appropriate action on the State's budget by the Board of Supervisors June meeting of that year, the Board of Supervisors may determine it to be fiscally responsible to enact the upcoming fiscal year's budget on a time-based approach, i.e. monthly, quarterly, or semi-annually. The Appropriations Resolution places a legal level of budgetary control, the level at which expenditures may not legally exceed appropriations, at the department level for the General Fund or at the fund level for all other appropriated funds.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

2. Excess of expenditures over appropriations

For the year ended June 30, 2019, there were no departments in which expenditures exceeded appropriations.

3. Deficit fund balance/net position

As of June 30, 2019, there were no funds with deficit fund balance. As of June 30, 2019, the Landfill and Recycling Fund had a deficit net position.

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

1. Deposits and investments

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. The County maintains a single cash and investment pool for use by all funds and its component unit, except for the Other Postemployment Benefit Plans Fund, the Working Together Fund, the Special Welfare Fund, the Fire and Rescue Volunteer USDA Debt Service Fund, the Volunteer Fire and Rescue Association Fund, the School Board Crockett Scholarship Private-Purpose Trust Fund, and the School Board School Activity Fund. Investments for the government, as well as for its component unit, are reported at fair value based on quoted market prices. Each Fund participates on a dollar equivalent and daily transaction basis. Interest is distributed quarterly based on average daily balances of specific funds receiving interest income. A "zero balance account" mechanism provides for daily sweeps of deposits made to the County's checking accounts, resulting in an instantaneous

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

transfer to the investment account. Hence, the majority of the County's funds are invested at all times. The State Treasurer's Local Government Investment Pool (LGIP) operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares. Bond proceeds are maintained to comply with the provisions of the Internal Revenue Tax Code and various bond indentures. Bond proceeds are deposited in the Virginia State Non-Arbitrage Program (SNAP). Values of shares in the SNAP and LGIP are reported at amortized cost in accordance with GASB 79.

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

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

- Level 1. Quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at a measurement date
- Level 2. Directly or indirectly observable inputs for the asset or liability other than quoted prices
- Level 3. Unobservable inputs that are supported by little or no market activity for the asset or liability

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

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the Act) Section 2.2-4400 of the *Code of Virginia*. See Note 2 for further details on public deposits.

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

2. Interfund receivables and payables

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

3. Inventory and prepaid items

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

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

4. Property taxes

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

5. Allowance for uncollectible accounts

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

6. Use of estimates

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

7. Restricted assets

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

8. Capital assets

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

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

Capital projects are defined as acquisition and improvements of assets with an initial cost of at least \$50,000. Major outlays for capital assets and improvements are capitalized when completed. 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. Interest in the amount of \$58,161 was capitalized during the current year in the Landfill and Recycling Fund. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

9. Component unit capital assets

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

10. Compensated absences

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

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

11. Long-term obligations

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

12. Encumbrances

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

With the implementation of GASB Statement No. 54, encumbrances are no longer separately reported as a component of the fund balance of the fund statements. Significant encumbrances as of June 30, 2019 are:

Primary government

General Fund	\$	87,301
Capital Projects Fund		20,417,889
Fire and Rescue Fund		15,000
Other Governmental Funds		46
Airport Fund		5,603,102
Landfill and Recycling Fund		<u>266,258</u>
Total primary government encumbrances	\$	<u>26,389,596</u>

Component unit - School Board

School General Fund	\$	1,842
School Asset Replacement Fund		<u>6,324,284</u>
Total component unit - School Board encumbrances	\$	<u>6,326,126</u>

13. Deferred Outflows/Inflows of Resources

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

- Deferred charge on refunding reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Certain items related to measurement of the net pension and OPEB assets or liabilities. These can include differences between expected and actual experience and net difference between projected and actual earning pension plan and OPEB plan investments.
- Contributions to the pension and OPEB plans made during the current year and subsequent to the net pension and OPEB asset or liability measurement date, which will be recognized as a reduction of the net pension and OPEB asset or liability next fiscal year.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

- Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30 and amounts prepaid on the 2nd half installments. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, amounts prepaid on the 2nd half installments are reported as deferred inflows of resources.
- Certain items related to the measurement of the net pension and OPEB assets or liabilities are reported as deferred inflows of resources. These include differences between expected and actual experience, change in assumptions, and the net difference between projected and actual earnings on pension plan and OPEB plan investments.

14. Fund balance

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

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

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

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

In the General Fund, the County sets a portion of unassigned fund balance equivalent to ten percent or 10% of general operating revenues. It is identified as the minimum amount needed to safeguard the County's financial stability, and when combined with committed and assigned balances, provides the County with sufficient funds

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

to operate in excess of two months without interrupting service levels. The remaining unassigned fund balance is for future uses to be determined by the Board of County Supervisors.

15. Net Position

Net position is the difference between (a) assets and deferred outflows of resources, and (b) liabilities and deferred inflows of resources. Net position is comprised of three categories: net investment in capital assets; restricted; and unrestricted. The first category reflects the portion of net position which is associated with non-liquid, capital assets, less the outstanding debt related to these capital assets. The related debt is the debt less the unspent bond proceeds and any associated unamortized costs. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position. Restricted net position relates to assets whose use is subject to constraints that are either externally imposed by creditors or imposed by law. Examples include proffers, grant funds, and contributions for a specific purpose. Net position which is neither restricted nor related to capital assets is reported as unrestricted net position.

The County issues debt to finance the construction of school facilities for the School Board because the School Board does not have borrowing or taxing authority. The County reports this debt, whereas the School Board reports the related capital assets. As a result, in the Statement of Net Position (Exhibit 1), the debt reduces *unrestricted net position* for the primary government, while the capital assets are reported in *net investment in capital assets* for the School Board. Because this debt is related to capital assets of the reporting entity as a whole, the debt amount of \$62,640,518 is reclassified to present the total reporting entity column of Exhibit 1.

16. Flow assumption

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

17. Reclassifications

Comparative data from the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the government's financial position and operations. Certain amounts in the prior year data have been reclassified in order to be consistent with the current year's presentation. In fiscal year 2019, the Social Services Board Fund, which was previously a part of the Special Welfare Fund was separated into its own distinct fund. Fund balance and net position at the beginning of the year were restated to incorporate this reclassification.

18. Pensions and Other Postemployment Benefits

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Prior Period Adjustments

In fiscal year 2019, the Social Services Board Fund, which was previously a part of the Special Welfare Fund, was separated into its own fund and treated as a Special Revenue fund. Beginning fund balance for the Social Services Board fund was \$46,842 and beginning assets and liabilities of the Special Welfare fund were adjusted to reflect this change. Net position at the beginning of the year was restated to incorporate this reclassification.

Costs in the amount of \$220,889 related to a capital project in the Airport Fund were expensed in the prior fiscal year when they should have been capitalized and included in Construction in Progress at June 30, 2018. Construction in progress at July 1, 2019 has been updated to reflect the effect of this prior period adjustment.

Pension contributions subsequent to the measurement date to the VRS Pension Plan for the School Board Non-Professional Plan and the Teacher Plan were understated by \$677, 223. This amount should have been included in Deferred Outflows at June 30, 2018.

The chart below summarizes the prior period adjustments to obtain the restated balances and net position at June 30, 2018.

	Governmental Activities		
	As Reported at 6/30/2018	Prior Period Adjustments	Restated at 6/30/2018
Revenues and Transfers In	205,442,373	-	205,442,373
Expenses and Transfers Out	<u>187,890,263</u>	<u>-</u>	<u>187,890,263</u>
Change in Net Position	17,552,110	-	17,552,110
Beginning Net Position	<u>32,524,837</u>	<u>-</u>	<u>32,524,837</u>
Ending Net Position	50,076,947	46,842	50,123,789

	Business Type Activities		
	As Reported at 6/30/2018	Prior Period Adjustments	Restated at 6/30/2018
Revenues and Transfers In	11,708,090	-	11,708,090
Expenses and Transfers Out	<u>8,879,724</u>	<u>(200,889)</u>	<u>8,678,835</u>
Change in Net Position	2,828,366	200,889	3,029,255
Beginning Net Position	<u>509,721</u>	<u>-</u>	<u>509,721</u>
Ending Net Position	3,338,087	200,889	3,538,976

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

	Component Unit - School Board		
	As Reported at 6/30/2018	Prior Period Adjustments	Restated at 6/30/2018
Revenues and Transfers In	143,351,639	-	143,351,639
Expenses and Transfers Out	<u>143,826,993</u>	<u>(677,223)</u>	<u>143,149,770</u>
Change in Net Position	(475,354)	677,223	201,869
Beginning Net Position	<u>32,746,129</u>	-	<u>32,746,129</u>
Ending Net Position	32,270,775	677,223	32,947,998

	Total Reporting Entity		
	As Reported at 6/30/2018	Prior Period Adjustments	Restated at 6/30/2018
Revenues and Transfers In	360,502,102	-	360,502,102
Expenses and Transfers Out	<u>340,596,980</u>	<u>(878,112)</u>	<u>339,718,868</u>
Change in Net Position	19,905,122	878,112	20,783,234
Beginning Net Position	<u>65,780,687</u>	-	<u>65,780,687</u>
Ending Net Position	85,685,809	924,954	86,610,763

G. Governmental Accounting Standards Board (GASB) statements
The County has implemented the following GASB Statements in fiscal year 2019:

Statement No. 83, *Certain Asset Retirement Obligations*, effective for reporting periods beginning after June 15, 2018. This Statement will enhance comparability of financial statements among governments by establishing uniform criteria for governments to recognize and measure certain asset retirement obligations, including obligations that may not have been previously reported. This Statement also will enhance the decision-usefulness of the information provided to financial statement users by requiring disclosures related to those asset retirement obligations.

Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, effective for reporting periods beginning after June 15, 2018. This statement will improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements and clarifies which liabilities governments should include when disclosing information related to debt.

The County will implement the following GASB Statements in fiscal year 2020:

Statement No. 84, *Fiduciary Activities*, effective for reporting periods beginning after December 15, 2018. This statement will enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities.

Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, effective for reporting periods beginning after December 15, 2019. The objectives of this statement are (1) to enhance the

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

Statement No. 90, *Majority Equity Interests*, effective for reporting periods beginning after December 15, 2018. This statement will improve financial reporting by providing users of financial statements with essential information related to the presentation of majority interests in legally separate organizations that previously was reported inconsistently.

NOTE 2 – CASH, CASH EQUIVALENTS, AND INVESTMENTS

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

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

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

Investments – Statutes authorize the County to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of other states not in default, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, “prime quality” commercial paper and certain corporate notes, bankers’ acceptances, repurchase agreements, the State Treasurer’s Local Government Investment Pool (LGIP), and the Virginia State Non-Arbitrage Program (SNAP). Bond proceeds subject to arbitrage rebate are invested in the SNAP (See Note 1). Capital lease proceeds are held in escrow and invested in money market funds.

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

Other Postemployment Benefits (OPEB) – The primary government’s OPEB trust fund and the School Board component unit’s OPEB trust fund, through an agreement with the county, participate in the Virginia Pooled OPEB Trust. Funds of participating jurisdictions are pooled and invested in the name of the Virginia Pooled OPEB Trust. The County shares in this pool are reported on the face of the OPEB trust fund statements as found in Exhibit 12 of the CAFR. The Board of Trustees of the Virginia Pooled OPEB Trust has adopted an investment policy to achieve a compounded annualized total rate of return over a market cycle, including current income and capital appreciation, in excess of 7.5% after inflation, consistent with prudent risk-taking. Investment decisions for the funds’ assets are made by the Board of Trustees.

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

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

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

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

The following reflects the fair value and the weighted average maturity (WAM) of the County's investments as of June 30, 2019. WAM expresses investment time horizons, the time when investments become due and payable, weighted to reflect the dollar size of the individual investments within an investment type. The portfolio's WAM is derived by dollar-weighting the WAM for each investment type. For purposes of the WAM calculation, the County assumes that all of its investments will be held to maturity.

Fair Value and Weighted Average Maturity of Investments at June 30, 2019:

	<u>Measurement Method</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (in years)</u>
Money Market/Money Market Mutual Funds:			
Pooled Investments:			
State Treasurer's Local Government Investment Pool (LGIP)	Amortized Cost	\$ 53,091,689	0.0027
U.S. Government Agency Securities	Fair Value (Level 1)	3,996,470	2.2238
Demand deposit account	Amortized Cost	32,572,918	0.0027
Restricted Investments:			
Virginia State Non-Arbitrage Program (SNAP)	Amortized Cost	16,312,752	0.0027
Debt-Related - Restricted Account	Amortized Cost	<u>1,201,671</u>	0.0027
Total Investment		\$ <u>107,175,500</u>	0.0856

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

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

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

The County's ratings and policy limits as of June 30, 2019, are as follows:

Investment Type	Investment Policy Limit	Credit Quality (Rating)	Credit Exposure as a % of Total Investment
Money Market/Money Market Mutual Funds:			
State Treasurer's Local Government Investment Pool (LGIP)	100%	AAAm	50%
Virginia State Non-Arbitrage Program (SNAP)	100%	AAAm	15%
Demand deposit account	50%	AAA	31%
U.S. Government Agency Securities	100%	AAA	4%
			<u>100%</u>

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

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

Restricted Cash and Investments at June 30, 2019:

Primary Government

Governmental Activities:

General Fund:

Grant and contractual obligations	\$ <u>183,022</u>
Total General Fund	<u>183,022</u>

Capital Projects Fund:

Debt proceeds	9,693,280
Restricted donations	808,806
Performance bonds	591,407
Revenue Share Projects	251,367
Retainage	<u>28,611</u>
Total Capital Projects Fund	<u>11,373,471</u>

Fire and Rescue Funds:

Retainage	<u>255,614</u>
Total Fire and Rescue Fund	\$ <u>255,614</u>

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

Other Governmental Funds:

Social Services Board Fund	\$ 48,723
Parks, recreation, and cultural donations	199,896
Proffers	5,083,157
Stormwater management	219,751
Library	352,709
Marshall Electric Light and Business Improvement District	16,903
Vint Hill Transportation	278,505
Vint Hill Community Enrichment Fund	286,129
Treasurer's E-Summons	125,294
Project Lifesaver	<u>704</u>

Total Other Governmental Funds 6,611,771

Total Governmental Activities Restricted Cash and Investments 18,423,878

Business-Type Activities:**Landfill and Recycling Fund:**

Debt proceeds	349,778
Retainage	<u>20,001</u>

Total Landfill and Recycling Fund 369,779

Airport Fund:

Restricted donations	121,360
Retainage	<u>175,122</u>

Total Airport Fund 296,482

Sewer Fund:

Debt service reserve	<u>355,140</u>
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Total Sewer Fund 355,140

Total Business-Type Activities Restricted Cash and Investments 1,021,401

Total Primary Government Restricted Cash and Investments 19,445,279

Component unit - School Board**School General Fund:**

Grant funds	<u>385,027</u>
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School Asset Replacement Fund:

Debt Proceeds	<u>7,109,253</u>
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Total Component Unit - School Board 7,494,280

Total Restricted Cash and Investments \$ 26,939,559

NOTE 3 – RECEIVABLES

Receivables at June 30, 2019 consist of the following:

Primary Government

	General Fund	Capital Projects Fund	Debt Service Fund	Fire and Rescue Fund	Nonmajor Governmental Funds	Business-Type Activities - Enterprise	Internal Service Funds	Total
Property taxes	\$ 4,966,849	\$ -	\$ -	\$ 761,161	\$ 34,565	\$ -	\$ -	\$ 5,762,575
Accounts	1,312,362	29,330	-	51,233	677,561	1,483,993	491,417	4,045,896
Due from other funds	13,710,099	-	-	-	-	-	-	13,710,099
Investment in Direct Financing Lease	-	-	15,879,749	-	-	-	-	15,879,749
Due from other governmental units	3,355,405	353,414	-	81,970	82,643	2,661,166	-	6,534,598
Gross receivables	<u>23,344,715</u>	<u>382,744</u>	<u>15,879,749</u>	<u>894,364</u>	<u>794,769</u>	<u>4,145,159</u>	<u>491,417</u>	<u>45,932,917</u>
Less allowance for uncollectibles:								
Property taxes	(2,090,388)	-	-	(325,165)	(14,679)	-	-	(2,430,232)
Accounts	-	-	-	-	(401,613)	(1,093,810)	-	(1,495,423)
Total allowance for uncollectibles	<u>(2,090,388)</u>	<u>-</u>	<u>-</u>	<u>(325,165)</u>	<u>(416,292)</u>	<u>(1,093,810)</u>	<u>-</u>	<u>(3,925,655)</u>
Net receivables	<u>\$ 21,254,327</u>	<u>\$ 382,744</u>	<u>\$ 15,879,749</u>	<u>\$ 569,199</u>	<u>\$ 378,477</u>	<u>\$ 3,051,349</u>	<u>\$ 491,417</u>	<u>\$ 42,007,262</u>

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

	Unavailable Revenue	Unearned Revenue	Revenue Advances	Total
<u>Governmental</u>				
Tax revenue	\$ 1,976,594	\$ -	\$ 534,420	\$ 2,511,014
Intergovernmental revenue	-	13,951	-	13,951
EMS ambulance billing revenue	114,034	-	-	114,034
Parks and recreation facility rentals	-	38,269	-	38,269
Investment in Direct Financing Lease	10,870,000	5,009,749	-	15,879,749
<u>Business Type</u>				
Airport hangar deposits	-	15,610	-	15,610
Total	<u>\$ 12,960,628</u>	<u>\$ 5,077,579</u>	<u>\$ 534,420</u>	<u>\$ 18,572,627</u>

The County has investments in direct financing leases, consisting of financing arrangements with three volunteer fire and rescue companies operating within the County. Under the terms of these financing arrangements, the County obtained leasehold interests in specific property of the volunteer fire and rescue companies, and used those leasehold interests as collateral to obtain debt-financing from the Virginia Resources Authority (VRA). The County used the proceeds from the VRA financings to either refund certain debts incurred during renovation projects for the improvement of volunteer fire and rescue stations, or to reimburse a volunteer fire and rescue company for capital expenses related to the construction of a new fire station. In separate-but-related agreements, the County subleased the original leasehold interests and any existing and future improvements back to the volunteer fire and rescue companies; the subleases

NOTE 3 – RECEIVABLES (CONTINUED)

contain a clause which transfers title of the properties, as well as any existing and future improvements to the properties, back to the volunteer fire and rescue companies at the time the debts are fully extinguished.

The following shows the net investment in direct financing lease:

Investment in Direct Financing Lease at June 30, 2019				
	Orlean VFD	Catlett VFRC	Remington VFD	Total
Total minimum lease payments to be received	\$ 6,609,288	\$ 5,260,376	\$ 4,010,085	\$ 15,879,749
Less: Unearned revenue	<u>2,119,288</u>	<u>1,640,376</u>	<u>1,250,085</u>	<u>5,009,749</u>
Net investment in direct financing lease	\$ <u>4,490,000</u>	\$ <u>3,620,000</u>	\$ <u>2,760,000</u>	\$ <u>10,870,000</u>

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

Scheduled Minimum Lease Payments at June 30, 2019				
	Principal	Interest	Total	
FY2020	\$ 335,000	\$ 439,421	\$	774,421
FY2021	335,000	438,285		773,285
FY2022	350,000	420,731		770,731
FY2023	370,000	402,281		772,281
FY2024	390,000	382,806		772,806
Thereafter	9,090,000	2,926,225		12,016,225
Total	\$ 10,870,000	\$ 5,009,749	\$	15,879,749

Component unit – School Board

	School General Fund	School Asset Replacement Fund	Total
Accounts	\$ 100,895	\$ 6,148	\$ 107,043
Due from other governmental units	<u>2,707,734</u>	<u>-</u>	<u>2,707,734</u>
Net receivables	\$ <u>2,808,629</u>	\$ <u>6,148</u>	\$ <u>2,814,777</u>

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

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

	Unearned Revenue
School General Fund	\$ 385,027
School Nutrition Fund	<u>97,399</u>
Total	\$ <u>482,426</u>

NOTE 4 – INTERFUND RECEIVABLES AND PAYABLES

The following is a summary of interfund obligations as of June 30, 2019:

Current:

Due to / from other funds

Receivable Fund	Payable Fund	Amount
General Fund	Contributory Fund	\$ 7,200
General Fund	Airport Fund	680,378
General Fund	Landfill & Recycling Fund	12,682,892
General Fund	Health Insurance Fund	339,629
Total		<u>\$ 13,710,099</u>

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

NOTE 5 – INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2019, consisted of the following:

Transfers in:								
Transfers out:	General Fund	Capital Projects Fund	Debt Service Fund	Fire and Rescue Fund	Enterprise Funds	Internal Service Funds	Other Governmental Funds	Total
General Fund	\$ -	\$ 10,496,959	\$ 12,139,521	\$ -	\$ 1,136,190	\$ 34,747	\$ 4,445	\$ 23,811,862
Capital Projects Fund	3,005	-	-	-	809,111	-	-	812,116
Debt Service Fund	-	1,220,770	-	-	-	-	-	1,220,770
Fire and Rescue Fund	-	990,603	184,023	-	-	-	-	1,174,626
Other Governmental Funds	358,657	114,043	-	961,601	-	-	-	1,434,301
Total	<u>\$ 361,662</u>	<u>\$ 12,822,375</u>	<u>\$ 12,323,544</u>	<u>\$ 961,601</u>	<u>\$ 1,945,301</u>	<u>\$ 34,747</u>	<u>\$ 4,445</u>	<u>\$ 28,453,675</u>

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

NOTE 6 – DUE FROM OTHER GOVERNMENTAL UNITS

The following is a summary of amounts due from other governmental units at June 30, 2019:

	Primary Government	Component Unit School Board
Commonwealth of Virginia:		
Local sales tax	\$ 1,678,853	\$ -
State sales tax	-	1,563,151
Shared expenses	427,929	-
Comprehensive services	368,508	-
Miscellaneous grants	1,005,761	56,461
Airport grants	2,179,339	-
Federal Government:		
School fund grants	-	1,088,122
Airport grants	481,827	-
Other federal grants	392,381	-
Total	<u>\$ 6,534,598</u>	<u>\$ 2,707,734</u>

NOTE 7 – CAPITAL ASSETS

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2019:

	Balance July 1, 2018	Additions	Deletions	Transfers	Balance June 30, 2019
Primary government – governmental activities					
Capital assets (non-depreciable/non-amortizable):					
Land	\$ 21,634,665	\$ 2,388,505	\$ (11,780)	\$ (557,540)	\$ 23,453,850
Construction in progress	6,220,715	6,080,089	-	(1,209,342)	11,091,462
Intangible assets	853,884	-	-	-	853,884
Total capital assets (non-depreciable/non-amortizable)	<u>28,709,264</u>	<u>8,468,594</u>	<u>(11,780)</u>	<u>(1,766,882)</u>	<u>35,399,196</u>
Capital assets (depreciable/amortizable):					
Buildings and improvements	53,990,891	222,673	-	165,937	54,379,501
Infrastructure	14,559,971	-	-	617,920	15,177,891
Machinery and equipment	19,812,603	2,314,584	(583,082)	(54,171)	21,489,934
Intangible assets	1,460,946	-	-	-	1,460,946
Total capital assets (depreciable/amortizable)	<u>89,824,411</u>	<u>2,537,257</u>	<u>(583,082)</u>	<u>729,686</u>	<u>92,508,272</u>
Less accumulated depreciation/amortization for:					
Buildings and improvements	(23,498,475)	(1,547,768)	-	-	(25,046,243)
Infrastructure	(10,992,263)	(957,137)	-	-	(11,949,400)
Machinery and equipment	(13,913,903)	(1,835,389)	434,870	54,171	(15,260,251)
Intangible assets	(1,182,417)	(52,139)	-	-	(1,234,556)
Total accumulated depreciation/amortization	<u>(49,587,058)</u>	<u>(4,392,433)</u>	<u>434,870</u>	<u>54,171</u>	<u>(53,490,450)</u>
Total capital assets (depreciable/amortizable), net	<u>40,237,353</u>	<u>(1,855,176)</u>	<u>(148,212)</u>	<u>783,857</u>	<u>39,017,822</u>
Governmental activities capital assets, net	<u>\$ 68,946,617</u>	<u>\$ 6,613,418</u>	<u>\$ (159,992)</u>	<u>\$ (983,025)</u>	<u>\$ 74,417,018</u>

NOTE 7 – CAPITAL ASSETS (CONTINUED)

	Balance July 1, 2018 (As Restated)	Additions	Deletions	Transfers	Balance June 30, 2019
Primary government – business-type activities					
Landfill and Recycling Fund:					
Capital assets (non-depreciable/non-amortizable):					
Landfill site	\$ 1,446,449	\$ -	\$ -	\$ -	\$ 1,446,449
Construction in progress	1,214,866	614,615	-	-	1,829,481
Total capital assets (non-depreciable/non-amortizable)	2,661,315	614,615	-	-	3,275,930
Capital assets (depreciable/amortizable):					
Buildings and improvements	21,741,354	-	-	-	21,741,354
Infrastructure	854,306	-	-	-	854,306
Machinery and equipment	3,478,384	-	(19,504)	-	3,458,880
Total capital assets (depreciable/amortizable)	26,074,044	-	(19,504)	-	26,054,540
Less accumulated depreciation/amortization for:					
Buildings and improvements	(9,221,706)	(962,030)	-	-	(10,183,736)
Infrastructure	(741,806)	(37,500)	-	-	(779,306)
Machinery and equipment	(1,725,971)	(184,418)	19,504	-	(1,890,885)
Total accumulated depreciation/amortization	(11,689,483)	(1,183,948)	19,504	-	(12,853,927)
Total capital assets (depreciable/amortizable), net	14,384,561	(1,183,948)	-	-	13,200,613
Landfill and Recycling Fund capital assets, net	17,045,876	(569,333)	-	-	16,476,543
Airport Fund:					
Capital assets (non-depreciable/non-amortizable):					
Land	6,612,678	-	-	-	6,612,678
Construction in progress*	4,072,902	5,251,641	-	-	9,324,543
Intangible assets	228,836	-	-	-	228,836
Total capital assets (non-depreciable/non-amortizable)	10,914,416	5,251,641	-	-	16,166,057
Capital assets (depreciable/amortizable):					
Buildings and improvements	2,977,276	-	-	-	2,977,276
Infrastructure	12,845,652	-	-	-	12,845,652
Machinery and equipment	487,313	-	-	-	487,313
Total capital assets (depreciable/amortizable)	16,310,241	-	-	-	16,310,241
Less accumulated depreciation/amortization for:					
Buildings and improvements	(1,710,658)	(69,675)	-	-	(1,780,333)
Infrastructure	(10,380,852)	(99,587)	-	-	(10,480,439)
Machinery and equipment	(307,049)	(36,153)	-	-	(343,202)
Total accumulated depreciation/amortization	(12,398,559)	(205,415)	-	-	(12,603,974)
Total capital assets, (depreciable/amortizable), net	3,911,682	(205,415)	-	-	3,706,267
Airport Fund capital assets, net	14,826,098	5,046,226	-	-	19,872,324
Catlett/Calverton Sewer Fund:					
Capital assets (non-depreciable/non-amortizable)					
Land	-	-	-	557,540	557,540
Construction in progress	875,213	-	-	425,485	1,300,698
Total capital assets (non-depreciable/non-amortizable)	875,213	-	-	983,025	1,858,238
Sewer Fund capital assets, net	875,213	-	-	983,025	1,858,238
Total business-type activities capital assets, net	\$ 32,747,187	\$ 4,476,893	\$ -	\$ 983,025	\$ 38,207,105

*Construction in progress for the Airport Fund was restated at June 30, 2018. See Note 1, Section F - Prior Period Adjustments

NOTE 7 – CAPITAL ASSETS (CONTINUED)

	July 1, 2018	Additions	Deletions	Transfers	June 30, 2019
Component unit – School Board					
Capital assets (non-depreciable/non-amortizable):					
Land	\$ 5,261,258	\$ -	\$ -	\$ -	\$ 5,261,258
Construction in progress	248,108	5,924,979	-	(440,801)	5,732,286
Total capital assets (non-depreciable/non-amortizable)	5,509,366	5,924,979	-	(440,801)	10,993,544
Capital assets (depreciable/amortizable):					
Buildings and improvements	255,777,713	-	(86,945)	294,065	255,984,833
Infrastructure	5,409,044	-	(8,300)	-	5,400,744
Machinery and equipment	24,114,426	1,339,464	(868,413)	200,907	24,786,384
Intangible assets	225,458	-	-	-	225,458
Total capital assets (depreciable/amortizable)	285,526,641	1,339,464	(963,658)	494,972	286,397,419
Less accumulated depreciation/amortization for:					
Buildings and improvements	(99,389,980)	(6,488,769)	60,992	-	(105,817,757)
Infrastructure	(2,832,045)	(238,415)	8,300	-	(3,062,160)
Machinery and equipment	(17,300,717)	(1,163,161)	866,956	(54,171)	(17,651,093)
Intangible assets	(225,458)	-	-	-	(225,458)
Total accumulated depreciation/amortization	(119,748,200)	(7,890,345)	936,248	(54,171)	(126,756,468)
Total capital assets, (depreciable/amortizable), net	165,778,441	(6,550,881)	(27,410)	440,801	159,640,951
School Board capital assets, net	\$ 171,287,807	\$ (625,902)	\$ (27,410)	\$ -	\$ 170,634,495

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

Primary government – governmental activities

General government administration	\$ 481,660
Judicial administration	252,709
Public safety	2,328,481
Public works	217,325
Health and welfare	9,684
Parks, recreation, and cultural	1,053,173
Community development	49,401
Total governmental activities	\$ 4,392,433

Primary government – business-type activities

Landfill and Recycling Fund	\$ 1,183,948
Airport Fund	205,415
Total business-type activities	\$ 1,389,363

Component unit – School Board	\$ 7,890,345
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NOTE 7 – CAPITAL ASSETS (CONTINUED)

	Primary Government		Component Unit - School Board	Reporting Entity Total
	Governmental Activities	Business-Type Activities		
Total capital assets	\$ 74,417,018	\$ 38,207,105	\$ 170,634,495	\$ 283,258,618
Long-term obligations applicable to capital assets:				
General obligation bonds	-	-	51,390,000	51,390,000
Capital leases	3,059,062	-	12,055,348	15,114,410
Financing leases	19,870,000	6,525,000	-	26,395,000
Revenue bonds	-	1,653,089	-	1,653,089
Direct bond	-	-	8,809,000	8,809,000
Premium on bonds payable	2,751,827	798,518	1,872,306	5,422,651
Deferred charge on refunding	(376,234)	(248,747)	(813,702)	(1,438,683)
Less unspent proceeds as of June 30, 2019	(9,693,280)	(349,778)	(7,109,253)	(17,152,311)
Subtotal long-term obligations applicable to capital assets	15,611,375	8,378,082	66,203,699	90,193,156
Net investment in capital assets	\$ 58,805,643	\$ 29,829,023	\$ 104,430,796	\$ 193,065,462

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

NOTE 8 – LONG-TERM OBLIGATIONS

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

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

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

In the event of default, the owner(s) or paying agent for the bonds submits an affidavit to the Governor of Virginia. The Governor of Virginia would make a summary investigation into the facts set forth in the affidavit. If established to the satisfaction of the Governor that a default has occurred, the Governor would direct the Comptroller of Virginia to withhold all further payment of the locality of all or any funds payable to the locality until the default is cured and make payment directly to the bondholders on behalf of the locality. This practice is commonly referred to as state aid intercept.

For those debts for which collateral or a leasehold interest has been pledged, the most likely remedy in the event of default would be state aid intercept, though other possible remedies include acceleration of all unpaid payments on the debt, possession of pledged property by the debtor, writ of mandamus compelling the County to levy taxes to obtain the funds to meet the debt requirements, and any necessary legal actions against the County to cure the default.

NOTE 8 – LONG-TERM OBLIGATIONS (CONTINUED)

In prior years, the County has refunded certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the refunded bonds. Accordingly, the trust account assets and the liability for the refunded bonds are not included in the County's financial statements. At June 30, 2019, \$25,655,000 of outstanding debt is considered defeased. Certain amounts that were paid during refunding are capitalized and amortized over the life of the debt and are reported as deferred amounts on refundings.

The following is a summary of long-term obligations of the governmental activities for the year ended June 30, 2019:

	Balance July 1, 2018	Additions	Retirements	Balance June 30, 2019	Amount Due Within One Year
General long-term obligations:					
General obligation bonds	\$ 10,745,000	\$ -	\$ 2,195,000	\$ 8,550,000	\$ 2,165,000
Direct borrowings:					
Capital leases	4,490,699	806,659	855,382	4,441,976	752,809
Financing leases	8,330,000	15,380,000	245,000	23,465,000	890,000
Direct placements:					
General obligation bonds	47,710,000	-	4,870,000	42,840,000	5,000,000
Direct bond	8,885,000	-	76,000	8,809,000	77,000
Pooled financing	675,000	-	215,000	460,000	225,000
Premium on bonds payable	3,435,205	1,837,427	613,978	4,658,654	701,471
Compensated absences	4,787,225	4,262,768	4,053,443	4,996,550	499,655
Incurred but not reported claims	2,840,770	211,607	-	3,052,377	763,094
Total general long-term obligations	<u>\$ 91,898,899</u>	<u>\$ 22,498,461</u>	<u>\$ 13,123,803</u>	<u>\$ 101,273,557</u>	<u>\$ 11,074,029</u>

	Balance July 1, 2018	Additions	Retirements	Balance June 30, 2019	Amount Due Within One Year
Deferred amount on refunding	<u>\$ (1,564,362)</u>	<u>\$ -</u>	<u>\$ 370,299</u>	<u>\$ (1,194,063)</u>	<u>\$ 316,474</u>

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

	Amount Outstanding	Amount Due Within One Year
General Obligation Bonds:		
\$13,260,000 General Obligation School Refunding Bonds, Series 2012, issued February 22, 2012, maturing annually from July 15, 2015 through July 15, 2022, with interest payable semiannually at rates from 2.00% to 4.00%.	\$ 8,550,000	\$ 2,165,000
Total General Obligation Bonds	<u>\$ 8,550,000</u>	<u>\$ 2,165,000</u>

NOTE 8 – LONG-TERM OBLIGATIONS (CONTINUED)

	<u>Amount Outstanding</u>	<u>Amount Due Within One Year</u>
Direct Borrowings:		
<u>Capital leases</u>		
\$415,000 School Bus Lease Series 2015, issued February 27, 2015, to fund school buses due in quarterly installments beginning May 27, 2015 through February 27, 2022, with interest payable quarterly at 1.789%. Four school buses costing \$376,930, are pledged as security for the debt. Accumulated depreciation at June 30, 2019 was \$169,605.	\$ 169,244	\$ 60,585
\$391,658 School Bus Lease Series 2016, issued February 3, 2016, due in quarterly installments beginning May 3, 2016 through February 3, 2023, with interest payable quarterly at 1.734%. Four school buses costing \$391,658, are pledged as security for the debt. Accumulated depreciation at June 30, 2019 was \$91,378.	215,705	56,160
\$785,606 Ambulance Lease Series 2016, issued July 15, 2016, due in annual installments beginning October 15, 2016 through July 15, 2023, with interest payable annually at 1.532%. Three ambulances costing \$782,757, are pledged as security for the debt. Accumulated depreciation at June 30, 2019 was \$279,555.	243,464	55,870
\$392,774 School Bus Lease Series 2016, issued July 15, 2016, due in quarterly installments beginning October 15, 2016 through July 15, 2023 with interest payable quarterly at 1.532%. Four school buses costing \$392,774 are pledged as security for the debt. Accumulated depreciation at June 30, 2019 was \$78,546.	316,805	114,371
\$806,659 School Bus Lease Series 2019, issued July 30, 2018, due in quarterly installments beginning January 30, 2019 through July 30, 2025 with interest payable quarterly at 3.0302%. Eight school buses costing \$776,884 are pledged as security for the debt. Accumulated depreciation at June 30, 2019 was \$51,786.	754,501	106,697
\$3,700,000 Public Safety Radio System Lease Series 2016, issued on September 30, 2016 to fund upgrades to the public safety radio system due in quarterly installments beginning December 30, 2016 through September 30, 2026 with interest payable quarterly at 1.644%. The radio system infrastructure and subscriber units are pledged as security for the debt. Accumulated depreciation at June 30, 2019 was \$0 as the project is still in progress.	2,742,257	359,126
<u>Financing Leases</u>		
\$5,430,000 Vint Hill 2011A Virginia Resources Authority Financing Lease, issued May 18, 2011, maturing annually beginning October 1, 2011 through October 1, 2029, with interest payable semiannually at rates from 2.125 % to 5.125%. A leasehold interest in the Vint Hill Sewer Treatment Plant, owned by Fauquier County Water and Sewer Authority secures the debt.	820,000	260,000
\$2,775,000 Vint Hill 2016C Virginia Resources Authority Financing Lease, issued November 16, 2016, maturing annually beginning October 1, 2022 through October 1, 2029, with interest payable semiannually at a rate of 5.125%. A leasehold interest in the Vint Hill Sewer Treatment Plant, owned by Fauquier County Water and Sewer Authority secures the debt.	\$ 2,775,000	\$ -

NOTE 8 – LONG-TERM OBLIGATIONS (CONTINUED)

	Amount Outstanding	Amount Due Within One Year
Direct Borrowings (continued)		
\$4,490,000 Virginia Resource Authority Financing Lease, Series 2018 issued on May 23, 2018 maturing semi-annually from October 1, 2018 to October 1, 2038 with interest payable semiannually at rates from 3.125% to 5.125%. A volunteer fire facility is pledged as security for the debt.	\$ 4,490,000	\$ 140,000
\$9,000,000 Virginia Resource Authority Financing Lease, Series 2019A issued on May 8, 2019 maturing semi-annually from October 1, 2019 to April 1, 2039 with interest payable semiannually at rates from 2.862% to 5.125%. The Central Sports Complex is pledged as security for the debt.	9,000,000	295,000
\$3,620,000 Virginia Resource Authority Financing Lease, Series 2019A issued on May 8, 2019 maturing semi-annually from October 1, 2019 to April 1, 2040 with interest payable semiannually at rates from 2.869% to 5.125%. A leasehold interest in a volunteer fire facility is pledged as security for the debt.	3,620,000	110,000
\$2,760,000 Virginia Resource Authority Financing Lease, Series 2019A issued on May 8, 2019 maturing semi-annually from October 1, 2019 to April 1, 2040 with interest payable semiannually at rates from 2.871% to 5.125%. A leasehold interest in volunteer fire facility is pledged as security for the debt.	2,760,000	85,000
Total Direct Borrowings	\$ 27,906,976	\$ 1,642,809
Direct Placements:		
<u>General obligation bonds</u>		
\$3,500,000 Virginia Public School Authority Bonds, Series 1999A, issued November 29, 1999, maturing annually beginning July 15, 2000 through July 15, 2019, with interest payable semiannually at rates from 5.10% to 6.10%.	\$ 175,000	\$ 175,000
\$4,575,000 Virginia Public School Authority Bonds, Series 2000A, issued November 16, 2000, maturing annually beginning July 15, 2001 through July 15, 2020, with interest payable semiannually at rates from 4.975% to 5.85%.	450,000	225,000
\$6,410,000 Virginia Public School Authority Bonds, Series 2001C, issued November 15, 2001, maturing annually from July 15, 2002 through July 15, 2021, with interest payable semiannually at rates from 3.10% to 5.35%.	960,000	320,000
\$11,630,000 Virginia Public School Authority Bonds, Series 2003A, issued November 6, 2003, maturing annually from July 15, 2004 through July 15, 2023, with interest payable semiannually at rates from 3.10% to 5.35%.	2,900,000	580,000
\$3,720,000 Virginia Public School Authority Bonds, Series 2004A, issued November 10, 2004, maturing annually from July 15, 2005 through July 15, 2024, with interest payable semiannually at rates from 4.10% to 5.60%.	\$ 1,110,000	\$ 185,000

NOTE 8 – LONG-TERM OBLIGATIONS (CONTINUED)

	Amount Outstanding	Amount Due Within One Year
Direct Placements (continued)		
\$11,540,000 Virginia Public School Authority Bonds, Series 2005A, issued November 10, 2005, maturing annually from July 15, 2006 through July 15, 2025, with interest payable semiannually at rates from 4.60% to 5.10%.	\$ 4,025,000	\$ 575,000
\$34,075,000 Virginia Public School Authority Bonds, Series 2007A, issued November 8, 2007, maturing annually from July 15, 2008 through July 15, 2027, with interest payable semiannually at rates from 4.35% to 5.10%. Acceleration of the debt can only occur with the County's consent.	15,320,000	1,705,000
\$10,000,000 Virginia Public School Authority Qualified School Construction Bonds, Series 2011-2, issued December 15, 2011, maturing annually from June 1, 2012 through December 1, 2030, with interest payable semiannually at 4.125%. Initially, 100% of the interest paid on the debt was to be refunded through a Federal Refundable Credit, however subsequent to the issuance of the debt, the federal government reduced the refundable credit for interest paid to 93.8%.	7,300,000	700,000
\$9,880,000 Virginia Public School Authority Bonds, Series 2012B, issued May 10, 2012, maturing annually from July 15, 2013 through July 15, 2032, with interest payable semiannually at rates from 2.55% to 5.05%.	7,860,000	405,000
\$3,305,000 Virginia Public School Authority Bonds, Series 2013A, issued April 29, 2013, maturing annually from January 15, 2014 through January 15, 2034, with interest payable semiannually at rates from 3.05% to 5.05%.	2,740,000	130,000
<u>Direct Bond:</u>		
\$9,101,000 Carter Bank & Trust Direct Bond, Series 2014, issued August 28, 2014, maturing semi-annually from January 1, 2015 through January 1, 2027, with interest payable semiannually at 2.5%.	8,809,000	77,000
<u>Pooled financing:</u>		
\$2,115,000 Virginia Resource Authority Refunding Bond Series 2009A, issued June 17, 2009, maturing annually beginning October 1, 2009 through October 1, 2020, with interest payable semiannually at rates from 1.13% to 5.13%.	460,000	225,000
Total Direct Placements	\$ 52,109,000	\$ 5,302,000
Premium on bonds payable	4,658,654	701,471
Compensated absences	4,996,550	499,655
Incurred but not reported claims	3,052,377	763,094
Total governmental activities long-term obligations	\$ 101,273,557	\$ 11,074,029

NOTE 8 – LONG-TERM OBLIGATIONS (CONTINUED)

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

Fiscal Year	General obligation bonds		Direct Borrowings			
			Capital leases		Financing leases	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 2,165,000	\$ 298,700.00	\$ 752,809	\$ 78,554	\$ 890,000	\$ 969,804
2021	2,145,000	212,500.00	766,703	64,661	895,000	962,472
2022	2,130,000	127,000.00	733,449	50,499	935,000	916,003
2023	2,110,000	42,200.00	596,781	37,922	970,000	867,613
2024	-	-	518,591	27,000	1,025,000	816,491
2025-2029	-	-	1,073,643	24,024	5,995,000	3,215,305
2030-2034	-	-	-	-	5,840,000	1,693,963
2035-2039	-	-	-	-	6,480,000	613,880
2040-2044	-	-	-	-	435,000	6,797
Total	\$ 8,550,000	\$ 680,400	\$ 4,441,976	\$ 282,660	\$ 23,465,000	\$ 10,062,328

Fiscal Year	General obligation bonds		Direct Placements			
			Direct bond		Pooled financing	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 5,000,000	\$ 2,028,881	\$ 77,000	\$ 219,263	\$ 225,000	\$ 16,734
2021	4,950,000	1,818,379	79,000	217,312	235,000	5,647
2022	4,755,000	1,616,924	81,000	215,313	-	-
2023	4,225,000	1,430,582	83,000	213,262	-	-
2024	4,245,000	1,252,103	2,170,000	185,100	-	-
2025-2029	14,680,000	4,082,206	6,319,000	235,312	-	-
2030-2034	4,985,000	991,842	-	-	-	-
2035-2039	-	-	-	-	-	-
2040-2044	-	-	-	-	-	-
Total	\$ 42,840,000	\$ 13,220,917	\$ 8,809,000	\$ 1,285,562	\$ 460,000	\$ 22,382

NOTE 8 – LONG-TERM OBLIGATIONS (CONTINUED)

BUSINESS-TYPE ACTIVITIES

The following is a summary of long-term obligations of the business-type activities for the year ended June 30, 2019:

	Balance July 1, 2018	Additions	Retirements	Balance June 30, 2019	Amount Due Within One Year
Business-type activities long-term obligations:					
Direct borrowings:					
Financing lease	\$ 6,710,000	\$ -	\$ 185,000	\$ 6,525,000	\$ 190,000
Direct placements:					
Revenue bonds	1,343,587	364,502	55,000	1,653,089	415,140
Premium on bonds payable	879,800	-	81,282	798,518	78,304
Compensated absences	124,404	57,478	76,319	105,563	10,556
Landfill closure and postclosure liability	15,349,388	510,614	-	15,860,002	-
Total business-type activities long-term obligations	\$ 24,407,179	\$ 932,594	\$ 397,601	\$ 24,942,172	\$ 694,000
	Balance July 1, 2018	Additions	Retirements	Balance June 30, 2019	Amount Due Within One Year
Deferred amount on refunding	\$ (269,833)	\$ -	\$ 21,086	\$ (248,747)	\$ 20,498

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

	Amount Outstanding	Amount Due Within One Year
Direct borrowings:		
<u>Financing Lease</u>		
\$7,130,000 Virginia Resources Authority Financing lease, Series 2015A, issued May 28, 2015, maturing annually from October 1, 2015 through October 1, 2039, with interest payable semiannually at rates from 3.062% to 5.125%. A leasehold interest in the Alice Jane Childs administrative building is pledged as security for the debt.	\$ 6,525,000	\$ 190,000
Total Financing Lease	\$ 6,525,000	\$ 190,000
Direct placements:		
<u>Revenue bonds</u>		
\$5,170,000 Virginia Resources Authority Revenue bonds, Series 2012A, issued April 30, 2012, maturing annually from October 1, 2013 through October 1, 2032, with interest payable semiannually at rates from 3.424% to 5.125%.	\$ 1,170,000	\$ 60,000
\$7,102,800 Virginia Water Facilities Revolving Fund bond issued on May 15, 2018, maturing annually from April 1, 2020 through April 1, 2039 with an interest rate of 0%.	483,089	355,140
Total Revenue Bonds	\$ 1,653,089	\$ 415,140
Premium on bonds payable	798,518	78,304
Compensated absences	105,563	10,556
Landfill closure and postclosure liability	15,860,002	-
Total business-type activities long-term obligations	\$ 24,942,172	\$ 694,000

NOTE 8 – LONG-TERM OBLIGATIONS (CONTINUED)

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

Fiscal Year	Direct Borrowings		Direct Placements	
	Financing lease		Revenue bonds	
	Principal	Interest	Principal	Interest
2020	\$ 190,000	\$ 288,038	\$ 415,140	\$ 56,025
2021	195,000	279,522	192,949	52,822
2022	210,000	269,144	65,000	49,716
2023	220,000	258,125	70,000	46,606
2024	230,000	246,594	75,000	43,016
2025-2029	1,335,000	1,046,747	420,000	156,357
2030-2034	1,635,000	747,785	415,000	44,202
2035-2039	2,040,000	349,817	-	-
2040-2042	470,000	9,694	-	-
Total	\$ 6,525,000	\$ 3,495,466	\$ 1,653,089	\$ 448,744

DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD

The following is a summary of long-term obligations of the School Board for the year ended June 30, 2019:

	Balance July 1, 2018	Additions	Retirements	Balance June 30, 2019	Amount Due Within One Year
General long-term obligations:					
Direct borrowing:					
Capital lease	\$ -	\$ 10,672,434	\$ -	\$ 10,672,434	\$ -
Compensated absences	4,977,880	3,655,316	4,458,214	4,174,982	417,498
Total general long-term obligations	\$ 4,977,880	\$ 14,327,750	\$ 4,458,214	\$ 14,847,416	\$ 417,498

Details of long-term obligations are outlined below:

	Amount Outstanding	Amount Due Within One Year
Direct borrowing		
<u>Capital lease</u>		
\$10,672,434 financing lease, Series 2019, issued February 18, 2019, to fund energy saving projects across the school system due in semi-annual installments beginning April 1, 2021 through October 1, 2035 with interest payable semi-annually at 3.31%. Equipment purchased for energy saving projects is pledged as security for the debt. Accumulated depreciation at June 30, 2019 was \$0 as the project is still in progress.	\$ 10,672,434	\$ -
Total Capital Leases	\$ 10,672,434	\$ -
Compensated absences	4,174,982	417,498
Total component unit long-term obligations	\$ 14,847,416	\$ 417,498

NOTE 8 – LONG-TERM OBLIGATIONS (CONTINUED)

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

Fiscal Year	Direct Borrowing	
	Capital lease	
	Principal	Interest
2020	\$ -	\$ -
2021	(268,661)	746,747
2022	598,938	357,235
2023	618,926	337,246
2024	639,582	316,590
2025-2029	3,532,702	1,248,160
2030-2034	4,162,885	617,977
2035-2039	1,388,062	46,195
Total	\$ <u>10,672,434</u>	\$ <u>3,670,150</u>

NOTE 9 – COMMITMENTS

A. Long-term USDA

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

The following is a summary of long-term commitments of the County for the year ended June 30, 2019:

	Balance			Balance	Amount Due
	July 1, 2018	Additions	Retirements	June 30, 2019	Within One Year
General long-term commitments:					
USDA Notes	\$ <u>15,483,078</u>	\$ <u>-</u>	\$ <u>7,538,080</u>	\$ <u>7,944,998</u>	\$ <u>177,324</u>

NOTE 9 – COMMITMENTS (CONTINUED)

	<u>Amount Outstanding</u>	<u>Amount Due Within One Year</u>
USDA Loans:		
\$2,900,000 issued to Warrenton Volunteer Fire Company, Inc., on March 12, 2007, due in annual installments for principal and interest beginning March 12, 2010 through March 12, 2047, with interest payable annually at 4.125%.	\$ 2,503,464	\$ 49,185
\$985,000 issued to Warrenton Volunteer Fire Company, Inc., on February 20, 2008, due in annual installments for principal and interest beginning February 20, 2011 through February 20, 2048, with interest payable annually at 4.375%.	871,644	15,500
\$5,703,000 issued to New Baltimore Volunteer Fire and Rescue Company, Inc., on December 21, 2010, due in annual installments for principal and interest beginning December 21, 2013 through December 21, 2050, at 3.750%.	<u>4,569,890</u>	<u>112,639</u>
Total long-term commitments	\$ <u>7,944,998</u>	\$ <u>177,324</u>

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 177,324	\$ 312,773
2021	184,255	305,842
2022	191,457	298,640
2023	198,943	291,154
2024	206,721	283,376
2025-2029	1,161,397	1,289,088
2030-2034	1,407,107	1,043,378
2035-2039	1,704,996	745,489
2040-2044	2,066,184	384,302
2045-2048	<u>646,614</u>	<u>57,805</u>
Total	\$ <u>7,944,998</u>	\$ <u>5,011,847</u>

NOTE 9 – COMMITMENTS (CONTINUED)

B. Construction commitments

At June 30, 2019, the County has several major projects under construction which are summarized below:

Project Name	Contractor	Contract Amount	Expended to Date	Balance
Airport T-Hangar Taxilanes	Sargent Corporation	\$ 4,252,907	\$ 4,059,808	\$ 193,099
Catlett-Calverton Wastewater Treatment System	English Construction	7,527,187	572,228	6,954,959
Orlean VFD Project	Orlean VFD	5,544,906	5,429,727	115,179
Airport Terminal	Taft Construction	4,241,350	3,096,455	1,144,895
Total		\$ <u>21,566,350</u>	\$ <u>13,158,218</u>	\$ <u>8,408,132</u>

As of June 30, 2019, Fauquier County School Board had the following major projects in process:

Project Name	Contractor	Contract Amount	Expended to Date	Balance
Energy Saving Projects	ABM Facilities Support Services	\$ <u>10,130,950</u>	\$ <u>4,072,596</u>	\$ <u>6,058,354</u>
Total		\$ <u>10,130,950</u>	\$ <u>4,072,596</u>	\$ <u>6,058,354</u>

C. Commitments and contingent liabilities

Federal programs in which the County and School Board participate were audited in accordance with the Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Title 2, Code of Federal Regulations, Part 200 (2 CFR 200)). Pursuant to the provisions of this circular, all major programs and certain other programs were tested for compliance with applicable grant requirements. While no matters of noncompliance were disclosed by the audit, the Federal Government may subject grant programs to additional compliance tests that may result in disallowed expenses. In the opinion of management, any future disallowance of current grant program expenditures, if any, would be immaterial.

NOTE 10 – COMMITMENTS UNDER NON-CAPITALIZED LEASES

The County leases the following properties:

Properties	Annual Payments
Registrar's Office, 528 Waterloo Street	\$ 56,296
Economic Development Office, 35 Culpeper Street	30,645
Reassessment Office, 98 Alexandria Pike	3,304
Mason Enterprise Center, 70 Main Street	93,484
Fauquier Enterprise Center, 8452 Renalds Avenue	14,000

All leases are subject to annual appropriation of rental payments.

NOTE 11 – TAX ABATEMENT DISCLOSURES

On March 11, 2010, Fauquier County entered into a tax abatement agreement (revised on September 13, 2012) under the authority and through resolution of the County Board of Supervisors with a not-for-profit organization for the construction of an affordable housing project within the County. The purpose of the abatement was to encourage successful and timely completion of the project, improve the financial operation of the housing project and to reduce resident rents. Under the agreement, which began in fiscal year 2012, the organization will provide affordable housing for an estimated sixteen households. In support of this project, the County agreed to provide a tax abatement of 100% of the real estate taxes attributable to the real estate improvements related to the housing project on an annual basis for a period of seven years. The County committed to provide a letter in support of the organization's application for state grant funds to assist in the construction of the project and for low-income housing tax credits. Real estate taxes are paid for each tax year and rebates are made on an annual basis once requested by the not-for-profit organization.

On September 14, 2013, Fauquier County entered into a tax abatement agreement under the authority and through resolution of the County Board of Supervisors with a not-for-profit organization for the construction of affordable housing units within the County. The purpose of the abatement was to encourage successful and timely completion of the project and to provide more affordable housing options for the citizens of the County. Under the agreement, the not-for-profit organization will provide a thirty-unit affordable housing development within Fauquier County. In support of this project, the County agreed to provide a tax abatement or waiver of \$240,000 in County real estate taxes over an eight year period. The County committed to provide a letter in support of the organization's application for state tax credits from the Virginia Housing Development Authority. Real estate taxes are paid for each tax year and rebates are made on an annual basis once requested by the not-for-profit organization. The first rebate of taxes is to be paid in fiscal year 2020.

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

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

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

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

NOTE 11 – TAX ABATEMENT DISCLOSURES (CONTINUED)

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

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

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

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

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

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

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

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

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

NOTE 11 – TAX ABATEMENT DISCLOSURES (CONTINUED)

For fiscal year ended June 30, 2019, the County had abated taxes as follows:

<u>Tax Abatement Area</u>	<u>Taxes Abated during the fiscal year</u>
<u>Affordable Housing</u>	
Real Estate Taxes	\$ 22,783
<u>Community Organizations</u>	
Real Estate Taxes	\$ 11,607
<u>Volunteer Emergency Services Agencies/Volunteer Fire Departments</u>	
Personal Property Taxes	\$ 131,656
<u>Local Technology</u>	
Tangible Property Taxes/Machinery and Tools Tax	\$ 1,296,020
<u>Tourism</u>	
Tangible Property Taxes/Machinery and Tools Tax	\$ 5,430

NOTE 12 – LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

The County of Fauquier, Virginia owns and operates a landfill site. State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$15,860,002 reported as landfill closure/postclosure care liability at June 30, 2019, represents the cumulative amount reported based on the use of 100% of the estimated capacity of the old landfill, the use of 73.75% of the estimated capacity of the new landfill, and the closure costs for the Construction and Demolition Recycling facility of \$29,898 and the Transfer Station of \$56,455. The County will recognize the remaining estimated cost of closure and postclosure care of \$3,214,422 on the new landfill as the remaining estimated capacity is used. These amounts are based on what it would cost to perform all closure and postclosure care in 2019.

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

The county is currently engaged in a capital project to close the old landfill, which has reached 100% capacity. Closure is estimated to be underway by December 2021.

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

NOTE 13 – VIRGINIA RETIREMENT SYSTEM PENSION PLAN

A. Plan descriptions

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

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

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

Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior public service, based on specific criteria as defined in the *Code of Virginia*, as amended. Eligible prior service that may be purchased includes prior public service, active duty military service, certain periods of leave, and previously refunded service.

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

About Plan 1	Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.
Eligible Members	Employees are in Plan 1 if their membership date is before July 1, 2010 and they were vested as of January 1, 2013, and they have not taken a refund.
Hybrid Opt-In Election	VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan. Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP. <i>This does not apply to the VRS Teacher Retirement Plan.</i>
Retirement Contribution	Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.
Creditable Service	Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service 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.

NOTE 13 – VIRGINIA RETIREMENT SYSTEM PENSION PLAN (CONTINUED)

Vesting	Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund. Members are always 100% vested in the contributions that they make.
Calculating the Benefit	The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement. An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.
Average Final Compensation	A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.
Service Retirement Multiplier	VRS: The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%. Sheriffs and regional jail superintendents: The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. Political subdivision hazardous duty employees: The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.
Normal Retirement Age	VRS: Age 65. Political subdivisions hazardous duty employees: Age 60.
Earliest Unreduced Retirement Eligibility	VRS: Age 65 with at least five years (60 months) of creditable service or age 50 with at least 30 years of creditable service. Political subdivisions hazardous duty employees: Age 60 with at least five years (60 months) of creditable service or age 50 with at least 25 years of creditable service.
Earliest Reduced Retirement Eligibility	VRS: Age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service. Political subdivisions hazardous duty employees: Age 50 with at least five years (60 months) of creditable service.
Cost-of-Living Adjustment (COLA) in Retirement	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%. Eligibility: For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date. For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date. Exceptions to COLA Effective Dates: The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances: <ul style="list-style-type: none"> • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP). <i>This does not apply to the VRS Teacher Retirement Plan.</i> • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.
Disability Coverage	Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.

NOTE 13 – VIRGINIA RETIREMENT SYSTEM PENSION PLAN (CONTINUED)

Purchase of Prior Service	Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.
About Plan 2	Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.
Eligible Members	Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.
Hybrid Opt-In Election	<p>Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP. <i>This does not apply to the VRS Teacher Retirement Plan.</i></p>
Retirement Contributions	Same as Plan 1.
Creditable Service	Same as Plan 1.
Vesting	Same as Plan 1.
Calculating the Benefit	See definition under Plan 1.
Average Final Compensation	A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.
Service Retirement Multiplier	<p>VRS: Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.</p> <p>Sheriffs and regional jail superintendents: Same as Plan 1.</p> <p>Political subdivision hazardous duty employees: Same as Plan 1.</p>
Normal Retirement Age	<p>VRS: Normal Social Security retirement age.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>
Earliest Unreduced Retirement Eligibility	<p>VRS: Normal Social Security retirement age with at least five years (60 months) of creditable service or when their age and service equal 90.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>
Earliest Reduced Retirement Eligibility	<p>VRS: Age 60 with at least five years (60 months) of creditable service.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>
Cost of Living Adjustment (COLA) in Retirement	<p>The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.</p> <p>Eligibility: Same as Plan 1.</p> <p>Exceptions to COLA Effective Dates: Same as Plan 1.</p>
Disability Coverage	Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.
Purchase of Prior Service	Same as Plan 1.
About Hybrid Retirement Plan	<p>The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan.</p> <ul style="list-style-type: none"> • The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions. <p>In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.</p>

NOTE 13 – VIRGINIA RETIREMENT SYSTEM PENSION PLAN (CONTINUED)

Eligible Members	<p>Employees 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"> • Political subdivision employees.* • Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014. <p>*Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> • Political subdivision employees who are covered by enhanced benefits for hazardous duty employees. <p>Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.</p>
Retirement Contributions	<ul style="list-style-type: none"> • A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.
Creditable Service	<p>Defined Benefit Component: Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p> <p>Defined Contributions Component: Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.</p>
Vesting	<p>Defined Benefit Component: Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.</p> <p>Defined Contributions Component: Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.</p> <p>Members are always 100% vested in the contributions that they make.</p> <p>Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p> <ul style="list-style-type: none"> • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. <p>Distribution is not required by law until age 70½.</p>
Calculating the Benefit	<p>Defined Benefit Component: See definition under Plan 1.</p> <p>Defined Contribution Component: The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.</p>
Average Final Compensation	<p>Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>
Service Retirement Multiplier	<p>Defined Benefit Component: VRS: The retirement multiplier for the defined benefit component is 1.00%.</p> <p>For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.</p> <p>Sheriffs and regional jail superintendents: Not applicable.</p> <p>Political subdivision hazardous duty employees: Not applicable.</p> <p>Defined Contribution Component: Not applicable.</p>

NOTE 13 – VIRGINIA RETIREMENT SYSTEM PENSION PLAN (CONTINUED)

Normal Retirement Age	Defined Benefit Component: VRS: Same as Plan 2. Political subdivision hazardous duty employees: Not applicable. Defined Contribution Component: Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Unreduced Retirement Eligibility	Defined Benefit Component: VRS: Normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90. Political subdivisions hazardous duty employees: Not applicable. Defined Contribution Component: Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Reduced Retirement Eligibility	Defined Benefit Component: VRS: Age 60 with at least five years (60 months) of creditable service. Political subdivisions hazardous duty employees: Not applicable. Defined Contribution Component: Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Cost of Living Adjustment (COLA) in Retirement	Defined Benefit Component: Same as Plan 2. Defined Contribution Component: Not Applicable. Eligibility: Same as Plan 1 and Plan 2. Exceptions to COLA Effective Dates: Same as Plan 1 and Plan 2.
Disability Coverage	Employees of political subdivisions and school divisions (including Plan 1 and Plan2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members. Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.
Purchase of Prior Service	Defined Benefit Component: Same as Plan 1, with the following exceptions: <ul style="list-style-type: none">• Hybrid Retirement Plan members are ineligible for ported service. Defined Contribution Component: Not applicable.

B. Summary of Significant Accounting Policies

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

C. Actuarial Assumptions

The net pension liabilities for Fauquier County and the Fauquier County School Board Retirement Plans were measured as of June 30, 2018. The total pension liability for the general employees, public safety employees, and non-professional employees of the School Board in the Political Subdivision Retirement Plan and professional employees of the School Board in the Teacher Retirement Plan used to calculate the net pension liability was determined based on an actuarial valuation as of June 30, 2017, 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, 2018.

NOTE 13 – VIRGINIA RETIREMENT SYSTEM PENSION PLAN (CONTINUED)

	County		School Board	
	General employees	Public safety employees	Non-professional employees	Professional employees
Inflation	2.5%			
Salary increases, including inflation	3.5% - 5.35%	3.5% - 4.75%	3.5% - 5.35%	3.5% - 5.95%
Investment rate of return	7.0%, net of pension plan investment expense, including inflation*			

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% 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 7.0% to simplify preparation of pension liabilities.

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

NOTE 13 – VIRGINIA RETIREMENT SYSTEM PENSION PLAN (CONTINUED)

General employees and School Board Non-professional employees: The actuarial assumptions for general employees and School Board Non-professional employees used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 – Non-LEOS:

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

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

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

Public safety employees: The actuarial assumptions for public safety employees used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 – Hazardous Duty:

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

All Others (Non 10 Largest) – Hazardous Duty:

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

School Board professional employees: The actuarial assumptions for School Board professional employees used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

NOTE 13 – VIRGINIA RETIREMENT SYSTEM PENSION PLAN (CONTINUED)

D. Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	<u>100.00%</u>		<u>4.80%</u>
		Inflation	<u>2.50%</u>
		*Expected arithmetic normal return	<u>7.30%</u>

* The above allocate provides a one-year return of 7.30%. 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%, including expected inflation of 2.50%.

E. Discount Rate

The discount rate used to measure the total pension liabilities was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between the actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2018, the rate contributed by the school division for the VRS Teacher Retirement Plan will be subject to the portion of the VRS Board-Certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate.

Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2018, the alternate rate was the employer contribution rate used in FY2012 or 90% of the actuarially determined employer contribution rate from the June 30, 2015, actuarial valuations, whichever was greater. From July 1, 2018 on, participating employers and School Boards are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net positions were projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine total pension liabilities.

F. Employees Covered by the Benefit Terms

As of the June 30, 2017 actuarial valuation, the following employees were covered by the benefit terms of the Fauquier County Plan and the School Board Non-professional Plan.

NOTE 13 – VIRGINIA RETIREMENT SYSTEM PENSION PLAN (CONTINUED)

	<u>Fauquier County Plan</u>	<u>School Board Non- professional Plan</u>
Inactive members or their beneficiaries currently receiving benefits	297	163
Inactive members entitled to but not yet receiving benefits		
Vested	118	42
Non-vested	226	159
Active elsewhere in the VRS	222	105
Total inactive members	<u>566</u>	<u>306</u>
Active members	<u>648</u>	<u>346</u>
Total	1,511	815

G. Contributions

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

Fauquier County: The County's contractually required contribution rate for the year ended June 30, 2019 was 8.89% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017 and when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The table below shows contribution rates as a percentage of the annual covered payroll to the agent multiple employer plan for employees of the governmental activities and business-type activities of Fauquier County.

School Board: The contractually required contribution rate for the year ended June 30, 2019 was 4.72% of covered employee compensation for Non-professional School Employee Retirement Plan.

For the VRS Teacher Retirement Plan, the contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to school division by the Virginia General Assembly. Each school divisions' contractually required contribution rate for the year ended June 30, 2019 was 15.68% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

NOTE 13 – VIRGINIA RETIREMENT SYSTEM PENSION PLAN (CONTINUED)

The chart below summarizes the contribution requirements for each plan:

	Primary Government		School Board	
	Retirement Plan		Non-professional Retirement Plan	Teacher Retirement Plan
Annual Covered Payroll	\$	39,531,166	\$ 7,955,588	\$ 75,574,076
Employer contribution rates		8.89%	4.72%	15.68%
Employee contribution rates		5.00%	5.00%	5.00%
Total contribution rates		13.89%	9.72%	20.68%
Contributions recognized, June 30, 2019		3,382,113	334,943	11,554,803
Contributions recognized, June 30, 2018	\$	3,023,056	\$ 370,305	\$ 11,676,725

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

The following table presents the changes in the net pension liability and the sensitivity of the net pension liability to changes in the discount rate. The net pension liability uses a discount rate of 7.00% and the sensitivity calculates the net pension liability using a discount rate that is one percentage point lower or one percentage point higher than the current rate.

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

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at June 30, 2017	\$ 118,097,683	\$ 111,715,901	\$ 6,381,782
Changes for the Year			
Service Cost	4,150,641	-	4,150,641
Interest	8,118,250	-	8,118,250
Difference between expected and actual experience	580,157	-	580,157
Contributions- employer	-	2,911,388	(2,911,388)
Contributions- employee	-	1,797,746	(1,797,746)
Net investment income	-	8,300,573	(8,300,573)
Benefit payments, including refunds of employee contributions	(4,245,375)	(4,245,375)	-
Administrative expense	-	(69,894)	69,894
Other changes	-	(7,473)	7,473
Net Changes	<u>8,603,673</u>	<u>8,686,965</u>	<u>(83,292)</u>
Balances at June 30, 2018	<u>\$ 126,701,356</u>	<u>\$ 120,402,866</u>	<u>\$ 6,298,490</u>
Sensitivity of the Net Pension Liability to Changes in Discount Rate	1% Decrease <u>6%</u>	Discount Rate <u>7%</u>	1% Increase <u>8%</u>
	\$ 24,084,011	\$ 6,298,490	\$ (8,331,635)

School Board:

The following table presents the changes in the net pension liability and the sensitivity of the net pension liability to changes in the discount rate for Non-professional Retirement Plan and also the School Board's proportionate share of the total pension liability, plan fiduciary net position and the net pension liability of the Teacher Employee

NOTE 13 – VIRGINIA RETIREMENT SYSTEM PENSION PLAN (CONTINUED)

Retirement Plan. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. The School Board's proportion of the net pension liability for the Teacher Retirement Plan was based on the School Board's actuarially determined contributions to the pension plan for the year ended June 30, 2018 relative to the total of the actuarially determined contributions for all participating employers. At June 30, 2018, the School Board's proportion was .90285% as compared to .92342% at June 30, 2017.

The net pension liability is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No 67, less that system's fiduciary net position. As of June 30, 2018, net pension liability for the VRS Teacher Employee Retirement plans is as follows (amounts expressed in thousands):

	Teacher Employee Retirement Plan
Total Pension Liability	\$ 46,679,555
Plan Fiduciary Net Pension	34,919,563
Employer's Net Pension Liability (Asset)	<u>\$ 11,759,992</u>
Plan Fiduciary Net Position as Percentage of the Total Pension Liability	74.81%

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

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

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at June 30, 2017	\$ 23,839,055	\$ 25,663,490	\$ (1,824,435)
Changes for the Year			
Service Cost	727,239	-	727,239
Interest	1,628,956	-	1,628,956
Changes of assumptions	-	-	-
Difference between expected and actual experience	173,636	-	173,636
Contributions- employer	-	340,240	(340,240)
Contributions- employee	-	351,153	(351,153)
Net investment income	-	1,886,650	(1,886,650)
Benefit payments, including refunds of employee contributions	(1,136,517)	(1,136,517)	-
Administrative expense	-	(16,342)	16,342
Other changes	-	(1,681)	1,681
Net Changes	<u>1,393,314</u>	<u>1,423,503</u>	<u>(30,189)</u>
Balances at June 30, 2018	<u>\$ 25,232,369</u>	<u>\$ 27,086,993</u>	<u>\$ (1,854,624)</u>
Teacher Cost Sharing Plan			
Proportionate share .90285% of the collective pension liability, fiduciary net position, and net pension liability	<u>421,446,000</u>	<u>315,271,000</u>	<u>106,175,000</u>
Total School Board Balances at June 30, 2018	<u>\$ 446,678,369</u>	<u>\$ 342,357,993</u>	<u>\$ 104,320,376</u>
Sensitivity of the Net Pension Liability to Changes in Discount Rate	1% Decrease 6%	Discount Rate 7%	1% Increase 8%
School Board (non teacher) net pension liability	\$ 1,163,334	\$ (1,854,624)	\$ (4,384,302)
School Board (teacher cost sharing pool) proportionate share of the collective net pension liability	\$ 162,185,000	\$ 106,175,000	\$ 59,815,000

NOTE 13 – VIRGINIA RETIREMENT SYSTEM PENSION PLAN (CONTINUED)
I. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2019, the County recognized pension expense totaling \$1,243,746. The School Board recognized pension expense of (\$60,859) for Non-professional Retirement Plan and \$4,947,000 for its share of the total pension expense related to the Teacher Retirement Plan. Since there was a change in the proportionate share for the Teacher Retirement Plan 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 proportionate share of employer contributions.

At June 30, 2019, the County and School Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources.

	Primary Government		School Board			
	Retirement Plan		Non-professional Retirement Plan		Teacher Retirement Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 636,667	\$ (278,448)	\$ 113,154	\$ (33,064)	\$ -	\$ (9,078,000)
Net difference between projected and actual earnings on pension plan investments	-	(1,053,759)	-	(218,699)	-	(2,252,000)
Changes in assumptions	-	(288,343)	-	(71,669)	1,267,000	-
Changes in proportion and differences between employer contributions and the proportionate share of contributions	-	-	-	-	-	(4,807,000)
Contributions subsequent to the measurement date	<u>3,382,113</u>	<u>-</u>	<u>334,943</u>	<u>-</u>	<u>11,554,803</u>	<u>-</u>
Total	\$ <u>4,018,780</u>	\$ <u>(1,620,550)</u>	\$ <u>448,097</u>	\$ <u>(323,432)</u>	\$ <u>12,821,803</u>	\$ <u>(16,137,000)</u>

Contributions subsequent to the measurement date are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

	Primary Government	School Board	
	Retirement Plan	Non-professional Retirement Plan	Teacher Retirement Plan
Year ended June 30:			
2020	\$ 143,205	\$ 44,777	\$ (2,796,000)
2021	4,805	28,425	(3,590,000)
2022	(1,038,505)	(262,196)	(5,702,000)
2023	(93,388)	(21,284)	(2,126,000)
2024	-	-	(656,000)

A. Plan descriptions and provisions

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

Fauquier County

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

Fauquier County School Board

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

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

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

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

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

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

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

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS PROGRAM (CONTINUED)

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

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

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

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

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

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

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS PROGRAM (CONTINUED)

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

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

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

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

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

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

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

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

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

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS PROGRAM (CONTINUED)

Benefit Amounts	<p>The benefits payable under the VRS GLI Program have several components.</p> <ul style="list-style-type: none">• Natural Death Benefit – The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled.• Accidental Death Benefit – The accidental death benefit is double the natural death benefit.• Other Benefit Provisions – In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include:<ul style="list-style-type: none">– Accidental dismemberment benefit– Safety belt benefit– Repatriation benefit– Felonious assault benefit– Accelerated death benefit option
Reduction in Benefit Amounts	<p>The benefit amounts provided to members covered under the VRS GLI Program are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.</p>
Minimum Benefit Amount and Cost of Living Adjustment (COLA)	<p>For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the VRS GLI Program. The minimum benefit was set at \$8,000 by statute. This amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and was increased to \$8,279 effective July 1, 2018.</p>

Detailed information about the VRS GLI Program's Fiduciary Net Position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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

All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teachers' HIC Program. This plan is administered by the VRS along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The health insurance credit is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums. Retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

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

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

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS PROGRAM (CONTINUED)

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

Detailed information about the Teachers HIC Program's Fiduciary Net Position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

B. Summary of Significant Accounting Policies

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

C. Actuarial Assumptions

Continuation and Credit Plans: The net OPEB liability for the Continuation and Credit Plans was measured as of June 30, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed on June 30, 2019, using the Entry Age Normal Level % of Salary method.

The following assumptions, as applied to all periods included at the measurement date of June 30, 2019 are noted in the table below:

	Continuation Plan	Credit Plan	Health Coverage Plan
Inflation	3.00%	3.00%	2.50%
Salary increases, including inflation	3.50%	3.50%	3.50%
Investment rate of return	7.50%	7.50%	7.50%
Health care cost trend rates	8.00%, decreasing to an ultimate rate of 4.5%	8.00%, decreasing to an ultimate rate of 4.5%	8.00%, decreasing to an ultimate rate of 4.5%

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS PROGRAM (CONTINUED)

Mortality rates for participants were based on the following:

Healthy general participants	SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2018.
Healthy Police participants	SOA Pub-2010 Public Safety Headcount Weighted Mortality Table fully generational using Scale MP-2018.
Disabled General Participants	SOA Pub-2010 Non–Safety Disabled Headcount Weighted Mortality Table fully generational using Scale MP-2018.
Disabled Police Participants	SOA Pub-2010 Public Safety Disabled Headcount Weighted Mortality Table fully generational using Scale MP-2018.
Surviving Spouses	SOA Pub-2010 Continuing Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2018.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2016–June 30, 2017.

VRS GLI and Teachers’ HIC Programs: The net OPEB liability for the VRS GLI and the VRS Teachers’ HIC Programs was measured as of June 30, 2017 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed on June 30, 2017. Total OPEB liability for the VRS GLI and Teachers’ HIC Programs was based on an actuarial valuation as of June 30, 2016, 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, 2018.

	County		School Board	
	General employees	Public safety employees	Non-professional employees	Professional employees (Teachers)
Inflation	2.5%			
Salary increases, including inflation	3.5% - 5.35%	3.5% - 4.75%	3.5% - 5.35%	3.5% - 5.95%
Investment rate of return	7.0%, net of pension plan investment expense, including inflation*			

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% 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 7.0% to simplify preparation of the OPEB liabilities.

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS PROGRAM (CONTINUED)

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

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS PROGRAM (CONTINUED)

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

General employees and School Board Non-professional employees:

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

JRS employees:

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

Largest Ten Locality Employers – General Employees:

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

Non Largest Ten Locality Employers – General Employees:

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

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS PROGRAM (CONTINUED)

Public safety employees:**SPORS employees:**

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

ValOR's employees:

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

Largest Ten Locality Employers – Hazardous Duty employees:

- Updated mortality rates to a more current mortality table- RP-2014 projected to 2020
- Lowered retirement rates at older ages.
- Adjusted withdrawal rates by adjusting termination rates to better fit experience at each age and service year
- Increased disability rates
- No changes to salary scale
- Increased line of duty disability rate from 60% to 70%

Non-Largest Ten Locality Employers – Hazardous Duty employees:

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

Teachers:

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

D. Long Term Expected Rate of Return

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

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS PROGRAM (CONTINUED)

Asset Class (Strategy)	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Large Cap Equity	26.00%	7.20%
U.S. Small Cap Equity	10.00%	8.41%
Developed Non U.S. Equity	13.00%	8.14%
Emerging Market Equity	5.00%	9.39%
Private Equity	5.00%	10.40%
Long/Short Equity	6.00%	5.64%
Fixed Income	25.00%	2.95%
Real Estate	7.00%	6.79%
Commodities	3.00%	0.00%
Total	100.00%	7.87%

The money-weighted rate of return on OPEB plan investments for the fiscal year ending June 30, 2019 was 4.67%. A money weighted rate of return expresses investment performance, net of OPEB plan investment expense, adjusted for the changing amounts actually invested.

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

E. Discount Rate

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

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

	Bond Buyer Go 20-Bond Municipal Index	S&P Municipal 20 Year High Grade Rate Index	Fidelity 20-Year Go Municipal Bond Index	Bond Index Range	Actual Discount Rate Used
Continuation Plan					
Yield as of July 1, 2018	3.87%	2.98%	3.62%	2.98%-3.87%	3.87%
Yield as of June 30, 2019	3.51%	2.79%	3.13%	2.79%-3.51%	3.51%
Credit Plan					
Yield as of July 1, 2018	3.87%	2.98%	3.62%	2.98%-3.87%	7.50%
Yield as of June 30, 2019	3.51%	2.79%	3.13%	2.79%-3.51%	7.50%
Health Coverage Plan					
Yield as of July 1, 2018	3.87%	2.98%	3.62%	2.98%-3.87%	7.50%
Yield as of June 30, 2019	3.51%	2.79%	3.13%	2.79%-3.51%	7.50%

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS PROGRAM (CONTINUED)

VRS GLI and Teachers' HIC Programs: The discount rate used to measure the total GLI and HIC liabilities was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between the actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2018, the rate contributed by the entity for the GLI and HIC OPEB will be subject to the portion of the VRS Board-Certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2018 on, participating employers and School Boards are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI and HIC OPEB's fiduciary net positions were projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine total GLI and HIC liabilities.

F. Employees Covered by the Benefit

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

	Continuation Plan	Credit Plan	Health Coverage Plan
Inactive employees currently receiving benefit payments	42	3	-
Active employees	2,570	718	1
Total	2,612	721	1

G. Contributions

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

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

Credit Plan: Contributions for the Credit Plan were determined based on an actuarially determined contribution (ADC) from an actuarial valuation dated June 30, 2019. The ADC is the target or recommended contribution, which if paid on an ongoing basis, will provide sufficient resources to fund future costs for services to be earned and liabilities attributed to past services. The County contributed the ADC in the amount of \$132,432 in fiscal year 2019 and \$132,797 in fiscal year 2018.

Health Coverage Plan: Contributions for the Health Coverage Plan were determined based on an actuarially determined contribution (ADC) from an actuarial valuation dated June 30, 2019. The ADC is the target or recommended contribution, which if paid on an ongoing basis, will provide sufficient resources to fund future costs for services to be earned and liabilities attributed to past services. Fauquier County School Board contributed the ADC in the amount of \$32,610 in fiscal year 2019.

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS PROGRAM (CONTINUED)

VRS GLI Program: The contribution requirements for the VRS GLI Program are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% X 60%) and the employer component was 0.52% (1.31% X 40%). Employers may elect to pay all or part of the employee contribution, however the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2019 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability Fauquier County contributed \$205,987 and \$190,027 to the VRS GLI Program for the years ended June 30, 2019 and June 30, 2018, respectively. For the year ending June 30, 2019, Fauquier County School Board contributed \$393,231 for the teachers and \$41,600 for the non-professional employees to the VRS GLI program. For the years ending June 30, 2018, Fauquier County School Board contributed \$379,887 for the teachers and \$38,884 for the non-professional employees to the VRS GLI program.

VRS Teachers HIC Program: The contribution requirement for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2019 was 1.20% of covered employee compensation for employees in the VRS Teacher Employee HIC Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Fauquier County School Board contributed \$906,889 and \$897,653 to the VRS Teachers HIC Program for the years ended June 30, 2019 and June 30, 2018, respectively.

H. Changes in the Net OPEB Liability - Credit and Continuation Plans

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

Schedule of Changes in the Net OPEB Liability
Primary Government

	Continuation Plan			Credit Plan		
	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
Balances at June 30, 2018	\$ 2,202,249	\$ -	\$ 2,202,249	\$ 2,153,687	\$ 767,357	\$ 1,386,330
Changes for the Year						
Service Cost	120,931	-	120,931	51,437	-	51,437
Interest	88,806	-	88,806	165,084	-	165,084
Changes in assumptions	96,731	-	96,731	27,193	-	27,193
Difference between expected and actual experience	(290,442)	-	(290,442)	(4,985)	-	(4,985)
Contributions- employer	-	57,513	(57,513)	-	-	-
Contributions- employee	-	-	-	-	138,432	(138,432)
Net investment income	-	-	-	-	43,446	(43,446)
Benefit payments, including refunds of employee contributions	(57,513)	(57,513)	-	(8,187)	(8,187)	-
Administrative expense	-	-	-	-	(1,304)	1,304
Other changes	-	-	-	-	-	-
Net Changes	(41,487)	-	(41,487)	230,542	172,387	58,155
Balances at June 30, 2019	\$ 2,160,762	\$ -	\$ 2,160,762	\$ 2,384,229	\$ 939,744	\$ 1,444,485

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

	Continuation Plan			Health Coverage Plan		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances at June 30, 2018	\$ 4,296,132	\$ -	\$ 4,296,132	\$ -	\$ -	\$ -
Changes for the Year						
Service Cost	329,960	-	329,960	11,028	-	11,028
Interest	174,942	-	174,942	6,657	-	6,657
Changes in assumptions	(332,143)	-	(332,143)	76,691	-	76,691
Difference between expected and actual experience	(1,033,734)	-	(1,033,734)	1,290	32,610	(31,320)
Contributions- employer	-	213,308	(213,308)	-	-	-
Benefit payments, including refunds of employee contributions	(213,308)	(213,308)	-	-	-	-
Net Changes	(1,074,283)	-	(1,074,283)	95,666	32,610	63,056
Balances at June 30, 2019	\$ 3,221,849	\$ -	\$ 3,221,849	\$ 95,666	\$ 32,610	\$ 63,056

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

The net OPEB liability for the VRS GLI and the VRS Teachers HIC Programs represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2018, net OPEB liability amounts for the programs are as follows (amounts expressed in thousands):

	VRS GLI Program	VRS Teachers HIC Program
Total OPEB Liability	\$ 3,113,508	\$ 1,381,313
Plan Fiduciary Net Position	1,594,773	111,639
Net GLI OPEB Liability	\$ 1,518,735	\$ 1,269,674
Plan Fiduciary Net Position as a percentage of Total OPEB Liability	51.22%	8.08%

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

The County and School Board's proportionate shares of the VRS GLI Program and the VRS Teachers' HIC Program net OPEB Liabilities were based on actuarially determined employer contributions to VRS for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers.

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS PROGRAM (CONTINUED)

The table below outlines the proportionate share of the total OPEB liability, fiduciary net position and net OPEB liabilities for the VRS GLI and Teachers HIC Programs at June 30, 2018:

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
VRS GLI Program			
Fauquier County proportionate share (.19219%) of the collective OPEB liability, fiduciary net position, and net OPEB liability	\$ 5,984,000	\$ 3,065,000	\$ 2,919,000
Fauquier County School Board (non-professional) proportionate share (.03933 %) of the collective OPEB liability, fiduciary net position, and net OPEB liability	1,225,000	627,000	598,000
Fauquier County School Board (teachers) proportionate share (.38420%) of the collective OPEB liability, fiduciary net position, and net OPEB liability	11,962,000	6,127,000	5,835,000
VRS Teachers Retirement HIC Program			
Fauquier County School Board (teachers) proportionate share (.90237%) of the collective OPEB liability, fiduciary net position, and net OPEB liability	\$ 12,465,000	\$ 1,007,000	\$ 11,458,000

J. Sensitivity of the Net OPEB liability to Changes in the Discount Rate and in the Healthcare Cost Trend

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

		VRS GLI Program							
		1% Decrease 6.00%	Current Rate 7.00%	1% Increase 8.00%			1% Decrease 6.00%	Current Rate 7.00%	1% Increase 8.00%
Primary Government									
Sensitivity of the Net OPEB Liability to changes in Discount Rate		\$ 3,815,000	\$ 2,919,000	\$ 2,192,000					
School Board									
Non-professional									
Sensitivity of the Net OPEB Liability to changes in Discount Rate		\$ 781,000	\$ 598,000	\$ 449,000					
Teachers									
Sensitivity of the Net OPEB Liability to changes in Discount Rate		\$ 7,626,000	\$ 5,835,000	\$ 4,381,000	\$ 12,797,000	\$ 11,458,000	\$ 10,318,000		

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS PROGRAM (CONTINUED)
OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2019, the County recognized OPEB expense as follows:

	Continuation Plan	Credit Plan	Coverage Plan	VRS GLI Program			VRS HIC Program
				General employees	Non- professional	Teachers	
Primary Government	\$ 66,879	\$ 160,326	\$ -	\$ 40,000	\$ -	\$ -	\$ -
School Board	56,151	-	94,517	-	4,000	(5,000)	865,000
	<u>\$ 123,030</u>	<u>\$ 160,326</u>	<u>\$ 94,517</u>	<u>\$ 40,000</u>	<u>\$ 4,000</u>	<u>\$ (5,000)</u>	<u>\$ 865,000</u>

At June 30, 2019, deferred outflows of resources and deferred inflows of resources related to OPEB were from the following sources:

	Primary Government		School Board	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Continuation Plan				
Differences between expected and actual experience	\$ -	\$ (525,317)	\$ -	\$ (1,491,906)
Changes in assumptions	85,983	(381,530)	-	(976,275)
Net difference between projected and actual earnings on OPEB plan investments	-	(30,291)	-	(60,122)
Total	<u>\$ 85,983</u>	<u>\$ (937,138)</u>	<u>\$ -</u>	<u>\$ (2,528,303)</u>
Credit Plan				
Differences between expected and actual experience	\$ 4,098	\$ (4,532)	\$ -	\$ -
Changes in assumptions	24,721	-	-	-
Net difference between projected and actual earnings on OPEB plan investments	15,083	(4,334)	-	-
Total	<u>\$ 43,902</u>	<u>\$ (8,866)</u>	<u>\$ -</u>	<u>\$ -</u>
Health Coverage Plan				
Differences between expected and actual experience	\$ -	\$ -	\$ 967	\$ -
Changes in assumptions	-	-	-	(779)
Net difference between projected and actual earnings on OPEB plan investments	-	-	961	-
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,928</u>	<u>\$ (779)</u>

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS PROGRAM (CONTINUED)

	Primary Government		School Board			
	Deferred Outflows of Resources	Deferred Inflows of Resources	Non- Professional		Teachers	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
VRS GLI Program						
Differences between expected and actual experience	\$ 143,000	\$ (52,000)	\$ 29,000	\$ (11,000)	\$ 285,000	\$ (105,000)
Changes in assumptions	-	(122,000)	-	(25,000)	-	(243,000)
Net difference between projected and actual earnings on OPEB plan investments	-	(95,000)	-	(19,000)	-	(190,000)
Proportionate share impact	104,000	-	12,000	(16,000)	-	(237,000)
Contributions subsequent to the measurement date	205,987	-	41,600	-	393,231	-
Total	\$ 452,987	\$ (269,000)	\$ 82,600	\$ (71,000)	\$ 678,231	\$ (775,000)
VRS Teachers HIC Program						
Differences between expected and actual experience	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (56,000)
Changes in assumptions	-	-	-	-	-	(100,000)
Net difference between projected and actual earnings on OPEB plan investments	-	-	-	-	-	(9,000)
Proportionate share impact	-	-	-	-	-	(416,000)
Contributions subsequent to the measurement date	-	-	-	-	906,889	-
Total	\$ -	\$ -	\$ -	\$ -	\$ 906,889	\$ (581,000)

Deferred outflows of resources related to the VRS GLI Program and the VRS Teachers' HIC Program resulting from contributions subsequent to the measurement date will be recognized as a reduction of net OPEB liabilities in the fiscal year ending June 30, 2020.

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

<u>Year ended June 30:</u>	<u>Continuation Plan</u>		<u>Credit Plan</u>		<u>VRS GLI Program</u>		
<u>Primary Government</u>							
2020	\$	(142,858)	\$	4,801	\$	(23,000)	
2021		(142,857)		4,801		(23,000)	
2022		(127,712)		4,799		(23,000)	
2023		(127,712)		6,244		4,000	
2024		(127,712)		2,474		26,000	
Thereafter		(182,304)		11,917		17,000	
<u>Year ended June 30:</u>	<u>Continuation Plan</u>		<u>Health Coverage Plan</u>		<u>VRS GLI Program</u>		<u>VRS Teachers HIC Program</u>
					<u>Non-professional</u>	<u>Teachers</u>	
<u>School Board</u>							
2020	\$	(448,751)	\$	303	\$	(9,000)	\$ (132,000) \$ (99,000)
2021		(448,749)		303		(9,000)	(132,000) (99,000)
2022		(418,689)		302		(9,000)	(132,000) (99,000)
2023		(418,689)		241		(3,000)	(78,000) (94,000)
2024		(418,688)		-		(1,000)	(22,000) (95,000)
Thereafter		(374,737)		-		1,000	6,000 (95,000)

NOTE 15 – FUND BALANCES

The following is a summary of fund balances as of June 30, 2019:

Primary government

	General Fund	Capital Projects Fund	Debt Service Fund	Fire and Rescue Fund	Other Governmental Funds	Total Governmental Funds
Fund balances:						
Restricted:						
Parks, recreation, and cultural	\$ -	\$ -	\$ -	\$ -	\$ 552,083	\$ 552,083
Community development	-	-	-	-	286,129	286,129
Public safety	-	-	-	-	125,998	125,998
Public works	-	-	-	-	516,448	516,448
Proffers	-	-	-	-	4,318,830	4,318,830
Grants	183,022	-	-	-	-	183,022
Capital projects	-	11,344,860	-	-	-	11,344,860
Total restricted	183,022	11,344,860	-	-	5,799,488	17,327,370
Committed:						
Public safety	-	-	-	6,753,601	373,254	7,126,855
Budgeted use of fund balance	1,884,459	-	-	-	-	1,884,459
Purchase development rights	-	-	-	-	728,945	728,945
Health and welfare	-	-	-	-	47,881	47,881
Capital projects	-	18,825,745	-	-	-	18,825,745
Total committed	1,884,459	18,825,745	-	6,753,601	1,150,080	28,613,885
Assigned:						
General government administration	4,605,738	-	-	-	-	4,605,738
Judicial administration	94,473	-	-	-	-	94,473
Public safety	707	-	-	-	-	707
Public works	1,120,736	-	-	-	-	1,120,736
Education	1,620,587	-	-	-	-	1,620,587
Parks, recreation, and cultural	304,467	-	-	-	-	304,467
Community development	1,189,914	-	-	-	-	1,189,914
Other purposes	-	-	86,231	-	-	86,231
Total assigned	8,936,622	-	86,231	-	-	9,022,853
Unassigned:	21,191,160	-	-	-	-	21,191,160
Total	\$ 32,195,263	\$ 30,170,605	\$ 86,231	\$ 6,753,601	\$ 6,949,568	\$ 76,155,268

NOTE 15 – FUND BALANCES (CONTINUED)

Component unit – School Board

	School General Fund	School Asset Replacement Fund	School Textbook Fund	School Nutrition Fund	Total Component Unit School Board
Fund Balances:					
Nonspendable:					
Inventories	\$ -	\$ -	\$ -	\$ 155,831	\$ 155,831
Assigned:					
Other purposes	<u>430,232</u>	<u>9,598,768</u>	<u>222,444</u>	<u>144,766</u>	<u>10,396,210</u>
Total	<u>\$ 430,232</u>	<u>\$ 9,598,768</u>	<u>\$ 222,444</u>	<u>\$ 300,597</u>	<u>\$ 10,552,041</u>

NOTE 16 – RISK MANAGEMENT

A. County government

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

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

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

B. Component unit – School Board

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

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

In the event the pool, VACoRP, incurs a loss deficit and depletion of all available excess insurance, the pool may assess all members in the proportion which the premium of each bears to the total premiums of all members in the year in which such deficit occurs.

C. Fire and Rescue Association component

The Fire and Rescue Association (Association) contract administration is handled through the Department of Fire, Rescue, and Emergency Management. The Association carries commercial insurance for the property, automobile,

NOTE 16 – RISK MANAGEMENT (CONTINUED)

and liability coverage. The Virginia Association of Counties Risk Pool (VACoRP) covers the workers' compensation policy and VFIS carries the accident and sickness policy.

D. Health and dental benefit program component

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

The Anthem plans are self-insured by the County and the School Board. A fund has been established into which payroll medical insurance deductions, as well as the employer's contribution, are deposited. Anthem processes claims from the hospitals, doctors, and other health care providers. The employer is then billed for these paid claims and must reimburse Anthem for these costs. The program is a minimum premium design subject to an aggregate attachment point and a specific stop loss of \$150,000. The prescription coverage is administered by OptumRx. The prescription claims are paid within the same fund established for the medical claims.

The stop loss coverage was also carved out of the Anthem policy and is administered by Symetra. Symetra insures both medical and prescription claims that are in excess of \$150,000. Symetra reimburses the County or School Board for the amount. The premiums are based on covered employees at the rate of \$99.25 per person.

The Anthem Dental Plans are fully insured by Anthem Dental. The employer has set up a fund into which payroll dental insurance deductions, as well as the employer's share of the premiums are deposited. Anthem Dental processes claims, from dentists and other dental providers, and pays these claims. The employer is only responsible for the premiums set by Anthem Dental.

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

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

	2018	2019
Unpaid claims, beginning of fiscal year	\$ 2,802,109	\$ 2,840,770
Incurred claims, (including IBNR)	21,487,331	24,106,063
Claim payments	(21,448,670)	(23,894,456)
Unpaid claims, end of fiscal year	\$ <u>2,840,770</u>	\$ <u>3,052,377</u>

NOTE 17– RELATED ORGANIZATIONS AND JOINTLY GOVERNED ORGANIZATIONS

Northwestern Regional Adult Detention Center

The Clarke-Fauquier-Frederick-Winchester Jail Board was created in 1987 to construct and operate the Clarke- Fauquier-Frederick-Winchester Regional Adult Detention Center, renamed the Northwestern Regional Adult Detention Center (Center) in fiscal year 2006. The Center charges, on an inmate per diem basis, other localities and the Federal Government for their prisoners placed in the jail. The fourteen member board consists of four members from the County of Frederick and Winchester, three each from the Counties of Clarke and Fauquier. In fiscal year 2006, the Northwestern Regional Jail Authority was created for the purpose of issuing revenue bonds for the construction of a new facility. The County and other participants have no equity interest in the jail. The County made operating contributions for 10.48% of the regional jail's operating expenses, including debt service, totaling \$2,339,780 in fiscal year 2019.

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

Fauquier County Economic Development Authority

The Fauquier County Economic Development Authority (Authority) is empowered to issue bonds to finance facilities qualifying under the Virginia Industrial Development and Revenue Bond Act, Chapter 49, Title 15.2 of the *Code of Virginia*. The Authority is a political subdivision of the Commonwealth governed by seven directors appointed by the Fauquier County Board of Supervisors. The Authority is empowered to, among other things, issue tax-exempt revenue bonds in accordance with the Act, acquire, own, lease, and dispose of properties, promote industry, and develop trade in the County.

The Board approves the issuance of industrial development bonds solely to qualify such bonds for tax-exemption. These bonds do not constitute indebtedness of the County and are secured solely as revenues received from the borrowers. The County has no financial responsibility for the day-to-day financial transactions of the Authority.

Additional information may be obtained by writing to the Fauquier County Economic Development Authority at Fauquier County Board of Supervisors, 10 Hotel Street, Suite 208, Warrenton, Virginia 20186 or visiting the website at www.fauquiercounty.gov/Government/boards.committees/economic-development-authority.

Fauquier County Water and Sanitation Authority

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

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

Northern Virginia Health Center Commission

The Northern Virginia Health Center Commission (NVHCC) is a legal entity established in 1987 by five Northern Virginia jurisdictions (Fauquier County, Fairfax County, Prince William County, Loudoun County, and the City of Alexandria) to develop and operate a nursing facility. Each of the five jurisdictions contributes annually to Birmingham Green Nursing Center and Birmingham Green Assisted Living Unit based on budgeted utilization for a percentage of nursing home beds for low income residents of each locality. In fiscal year 2019, Fauquier County contributed a total of \$116,016.

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

Birmingham Green Adult Care Residence

The Birmingham Green Adult Care Residence (Residence) was established in 1997 by five Virginia jurisdictions (Fauquier County, Fairfax County, Loudoun County, Prince William County, and the City of Alexandria) to provide housing and long-term care for the benefit of low income persons. The Residence operates a sixty-four bed assisted living facility. In fiscal year 2019, Fauquier County contributed a total of \$309,357.

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

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

Mountain Vista Regional Governor's School

The Mountain Vista Regional Governor's School was established in 2007. Currently seven divisions (Clarke County, Culpeper County, Fauquier County, Frederick County, Rappahannock County, Warren County, and the City of Winchester) jointly own and operate a regional governor's school. The governing board has appointed Fauquier County to serve as fiscal agent of the governor's school. Each of the seven school divisions contribute annually based on the number of students each school board proposes to send to the governor's school. In fiscal year 2019, the Fauquier County School Board contributed a total of \$331,911, with \$1,591,800 contributed from the other participating counties.

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

Rappahannock-Rapidan Regional Commission

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

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

Rappahannock-Rapidan Community Services Board and Area Agency on Aging

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

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

NOTE 18 – SURETY BONDS

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

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

NOTE 18 – SURETY BONDS (CONTINUED)

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

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

All School employees including Clerk of the School Board	\$	250,000
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NOTE 19 – CLAIMS AND LITIGATION

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

NOTE 20 – SUBSEQUENT EVENTS

Subsequent to the end of the fiscal year, the County entered into the following lease financing arrangements and refunding transactions:

On July 19, 2019, the County entered into a seven-year financing lease, in the amount of \$865,400, for the purchase of three (3) 35 passenger buses, five (5) 77 passenger buses and five (5) seven passenger vans on behalf of the Fauquier County School Board. This is property schedule number six (6) of the 2015 Master Equipment Lease/Purchase Agreement with Banc of America Public Capital Corp (“BAPCC”). The interest rate on the financing lease is 2.0901%.

On August 9, 2019, the County entered into a ten year financing lease, in the amount of \$2,820,000, for the purchase of public safety communications equipment. This is property schedule number two (2) of the 2016 Master Equipment Lease/Purchase Agreement with Banc of America Public Capital Corp. (“BAPCC”). The interest rate on the financing lease is 2.3187%.

On October 31, 2019, the County issued a direct placement bond in the amount of \$8,805,000 to refund a direct placement bond with Carter Bank & Trust with a principal balance outstanding of \$8,732,000. The interest rate on the refunding debt is 1.72%. The County expects to achieve savings in debt service expenditures of \$337,706 over the next seven years.



REQUIRED SUPPLEMENTARY INFORMATION



COUNTY OF FAUQUIER, VIRGINIA

Exhibit 14

Schedule of Funding Progress and Employer Contributions

Page 1 of 6

Fauquier County Other Postemployment Benefits Plans

Virginia Retirement System Pension and Other Postemployment Benefits Programs

Fiscal Year Ended June 30, 2019

Primary Government:

Continuation Plan

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
June 30, 2019	\$ -	\$ -	\$ -	\$ 42,074,311	0.00%
June 30, 2018	-	-	-	40,961,221	0.00%
June 30, 2017	96,604	-	96,604	39,576,059	0.00%
June 30, 2016	225,865	78,487	147,378	31,426,727	0.25%
June 30, 2015	277,095	277,095	-	32,415,086	0.85%
June 30, 2014	271,169	271,169	-	31,318,924	0.87%
June 30, 2013	311,735	271,169	40,566	35,305,296	0.77%
June 30, 2012	341,455	341,455	-	34,111,397	1.00%
June 30, 2011	324,950	318,920	6,030	33,953,873	0.94%
June 30, 2010	280,730	286,760	(6,030)	34,461,033	0.83%

Credit Plan

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
June 30, 2019	\$ 138,432	\$ 138,432	\$ -	\$ 42,074,311	0.33%
June 30, 2018	132,797	715,474	(582,677)	40,921,221	1.75%

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

School Board:

Continuation Plan

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a % of Covered Payroll
June 30, 2019	\$ -	\$ -	\$ -	\$ 88,435,009	0.00%
June 30, 2018	-	-	-	81,301,110	0.00%
June 30, 2017	191,742	-	191,742	78,551,797	0.00%
June 30, 2016	448,359	155,804	292,555	62,384,399	0.25%
June 30, 2015	550,053	550,053	-	64,346,366	0.85%
June 30, 2014	538,290	538,290	-	62,170,402	0.87%
June 30, 2013	618,816	538,290	80,526	70,083,647	0.77%
June 30, 2012	677,815	677,815	-	67,713,669	1.00%
June 30, 2011	645,050	633,080	11,970	67,400,971	0.94%
June 30, 2010	557,270	569,240	(11,970)	68,407,723	0.83%

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 14

Schedule of Funding Progress and Employer Contributions

Page 2 of 6

Fauquier County Other Postemployment Benefits Plans

Virginia Retirement System Pension and Other Postemployment Benefits Programs

Fiscal Year Ended June 30, 2019

Virginia Retirement System

Primary Government:

Retirement Plan

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

Schedule is intended to show information for 10 years. Since 2015 was the first year for this presentation , no other data is available.

Additional years will be included as the information becomes available.

Group Life Insurance Program

Date		Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a % of Covered Payroll
June 30, 2019	\$	205,987	\$ 205,987	\$ -	36,612,916	0.56%
June 30, 2018		190,027	190,027	-	36,543,557	0.52%
June 30, 2017		178,438	178,438	-	34,315,054	0.52%
June 30, 2016		159,225	159,225	-	33,171,876	0.48%
June 30, 2015		153,056	153,056	-	31,886,605	0.48%
June 30, 2014		146,870	146,870	-	30,597,915	0.48%
June 30, 2013		140,111	140,111	-	29,189,866	0.48%
June 30, 2012		73,627	73,627	-	26,295,302	0.28%
June 30, 2011		73,509	73,509	-	26,253,302	0.28%
June 30, 2010		53,639	53,639	-	19,886,250	0.27%

School Board:

Non-Professional Retirement Plan

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

Schedule is intended to show information for 10 years. Since 2015 was the first year for this presentation , no other data is available.

Additional years will be included as the information becomes available.

Teacher Retirement Plan

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

Schedule is intended to show information for 10 years. Since 2015 was the first year for this presentation , no other data is available.

Additional years will be included as the information becomes available.

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 14

Schedule of Funding Progress and Employer Contributions

Page 3 of 6

Fauquier County Other Postemployment Benefits Plans

Virginia Retirement System Pension and Other Postemployment Benefits Programs

Fiscal Year Ended June 30, 2019

School Board:

Group Life Insurance Program

Non-Professional

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a % of Covered Employee Payroll
June 30, 2019	\$ 41,600	\$ 41,600	\$ -	\$ 8,000,043	0.52%
June 30, 2018	38,884	38,884	-	7,477,675	0.52%
June 30, 2017	38,836	38,836	-	7,468,390	0.52%
June 30, 2016	34,034	34,034	-	7,090,446	0.48%
June 30, 2015	31,957	31,957	-	6,657,743	0.48%
June 30, 2014	33,725	33,725	-	7,026,010	0.48%
June 30, 2013	33,303	33,303	-	6,938,201	0.48%
June 30, 2012	18,936	18,936	-	6,762,956	0.28%
June 30, 2011	19,665	19,665	-	7,023,054	0.28%
June 30, 2010	14,744	14,744	-	5,460,741	0.27%

Teachers

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a % of Covered Employee Payroll
June 30, 2019	\$ 393,231	\$ 393,231	\$ -	\$ 75,621,380	0.52%
June 30, 2018	379,887	379,887	-	73,055,143	0.52%
June 30, 2017	380,267	380,267	-	73,128,237	0.52%
June 30, 2016	346,512	346,512	-	72,190,017	0.48%
June 30, 2015	338,777	338,777	-	70,578,532	0.48%
June 30, 2014	337,143	337,143	-	70,238,198	0.48%
June 30, 2013	334,543	334,543	-	69,696,465	0.48%
June 30, 2012	191,369	191,369	-	68,346,208	0.28%
June 30, 2011	190,856	190,856	-	68,162,908	0.28%
June 30, 2010	140,435	140,435	-	52,012,881	0.27%

Teacher Employee Health Insurance Program

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
June 30, 2019	\$ 906,889	\$ 906,889	\$ -	\$ 75,574,076	1.20%
June 30, 2018	897,633	897,633	-	72,978,293	1.23%
June 30, 2017	809,357	809,357	-	72,915,076	1.11%
June 30, 2016	762,107	762,107	-	71,896,849	1.06%
June 30, 2015	745,602	745,602	-	70,339,798	1.06%
June 30, 2014	778,824	778,824	-	70,164,352	1.11%
June 30, 2013	762,576	762,576	-	68,700,576	1.11%
June 30, 2012	405,352	405,352	-	67,558,656	0.60%
June 30, 2011	408,735	408,735	-	68,122,443	0.60%
June 30, 2010	540,839	540,839	-	52,003,766	1.04%

Schedule of Funding Progress and Employer Contributions
 Fauquier County Other Postemployment Benefits Plans
 Virginia Retirement System Pension and Other Postemployment Benefits Programs
 Fiscal Year Ended June 30, 2019

Fauquier County:

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

There have been no substantive plan provision changes since the last full valuation, which was for the fiscal year ending June 30, 2017.

Changes of assumptions

The following assumptions have been updated:

The discount rate assumption has been updated to be based on the yield for the 20-year tax-exempt general obligation municipal bond as of June 30, 2019 (measurement date). The discount rate is 3.87% as of July 1, 2018 and 3.51% as of June 30, 2019. This change caused an increase in liabilities.

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

- Healthy General participants: SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2018
- Healthy Police participants: SOA Pub-2010 Public Safety Headcount Weighted Mortality Table fully generational using Scale MP-2018
- Disabled General participants: SOA Pub-2010 Non-Safety Disabled Headcount Weighted Mortality Table fully generational using Scale MP-2018
- Disabled Police participants: SOA Pub-2010 Public Safety Disabled Headcount Weighted Mortality Table fully generational using Scale MP-2018
- Surviving Spouses: SOA Pub-2010 Continuing Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2018

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

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

Health care trend rates have been updated to an initial rate of 8.0% decreasing by 0.5% per year to an ultimate rate of 4.5%.

Credit Plan**Changes of benefit terms**

There have been no substantive plan provision changes since the last full valuation, which was for the fiscal year ending June 30, 2018.

Changes of assumptions

The following assumptions have been updated:

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

- Healthy General participants: SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2018
- Healthy Police participants: SOA Pub-2010 Public Safety Headcount Weighted Mortality Table fully generational using Scale MP-2018
- Disabled General participants: SOA Pub-2010 Non-Safety Disabled Headcount Weighted Mortality Table fully generational using Scale MP-2018
- Disabled Police participants: SOA Pub-2010 Public Safety Disabled Headcount Weighted Mortality Table fully generational using Scale MP-2018
- Surviving Spouses: SOA Pub-2010 Continuing Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2018

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

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

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

There have been no substantive plan provision changes since the last full valuation, which was for the fiscal year ending June 30, 2017.

Changes of assumptions

The following assumptions are used for the current valuation:

The discount rate assumption has been updated to be based on the yield for the 20-year tax-exempt general obligation municipal bond as of June 30, 2019 (measurement date). The discount rate is 3.87% as of July 1, 2018 and 3.51% as of June 30, 2019. This change caused an increase in liabilities.

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

- Healthy Certified participants: SOA Pub-2010 Teacher Headcount Weighted Mortality Table fully generational using Scale MP-2018
- Healthy Non-Certified participants: SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2018
- Disabled participants: SOA Pub-2010 Non-Safety Disabled Headcount Weighted Mortality Table fully generational using Scale MP-2018
- Surviving Spouses: SOA Pub-2010 Continuing Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2018

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

Health care trend rates have been updated to an initial rate of 8.0% decreasing by 0.5% per year to an ultimate rate of 4.5%.

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

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

Changes of assumptions

The Health Coverage Plan was established in the current fiscal year. Therefore, there have been no changes in actuarial assumptions.

Schedule of Funding Progress and Employer Contributions
Fauquier County Other Postemployment Benefits Plans
Virginia Retirement System Pension and Other Postemployment Benefits Programs
Fiscal Year Ended June 30, 2019

Virginia Retirement System:

Political Subdivision Pension Plan

Changes of benefit terms

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

Changes of assumptions

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

Largest 10 - Non-Hazardous Duty:

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

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

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

Largest 10 - Hazardous Duty:

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

All Others (Non 10 Largest) - Hazardous Duty:

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

Teacher Retirement Pension Plan

Changes of benefit terms

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

Changes of assumptions

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

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

Group Life Insurance Program

Changes of benefit terms

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

Changes of assumptions

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

General Employees

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

Teachers

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

SPORS Employees

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

VALORS Employees

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

JRS Employees

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

Largest Ten Locality Employers - General Employees

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

Schedule of Funding Progress and Employer Contributions
Fauquier County Other Postemployment Benefits Plans
Virginia Retirement System Pension and Other Postemployment Benefits Programs
Fiscal Year Ended June 30, 2019

Group Life Insurance Program (Continued)

Non-Largest Ten Locality Employers - General Employees

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

Largest Ten Locality Employers - Hazardous Duty Employees

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

Non Largest Ten Locality Employers - Hazardous Duty Employees

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

Teacher Employee Health Insurance Credit Program

Changes of benefit terms

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

Changes of assumptions

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

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

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 15
Page 1 of 2

Schedule of Changes in Net Pension Liability (Asset)
and Related Ratios
Last Five Fiscal Years
Fiscal Year Ended June 30, 2019

Primary Government:

	2014*	2015	2016	2017	2018
Total pension liability					
Service cost	\$ 3,665,747	\$ 3,813,094	\$ 3,885,984	\$ 3,978,825	\$ 4,150,641
Interest	6,300,846	6,765,656	7,184,529	7,609,870	8,118,250
Changes of assumptions	-	-	-	(662,813)	-
Differences between expected and actual experience	-	(1,032,433)	(1,139,622)	498,300	580,157
Benefit payments, including refunds of employee contributions	(3,159,348)	(3,493,529)	(3,631,336)	(4,077,843)	(4,245,375)
Net change in total pension liability	6,807,245	6,052,788	6,299,555	7,346,339	8,603,673
Total pension liability – beginning	91,591,756	98,399,001	104,451,789	110,751,344	118,097,683
Total pension liability – ending (a)	98,399,001	104,451,789	110,751,344	118,097,683	126,701,356
Plan fiduciary net position					
Contributions – employer	3,555,225	3,177,007	3,284,574	2,752,121	2,911,388
Contributions – employee	1,530,920	1,623,124	1,635,553	1,675,382	1,797,746
Net investment income	12,271,193	4,210,671	1,745,781	12,180,445	8,300,573
Benefit payments, including refunds of employee contributions	(3,159,349)	(3,493,529)	(3,631,336)	(4,077,843)	(4,245,375)
Administrative expense	(63,910)	(55,473)	(58,461)	(10,918)	(69,894)
Other	647	(895)	(727)	(68,588)	(7,473)
Net change in plan fiduciary net position	14,134,726	5,460,905	2,975,384	12,450,599	8,686,965
Plan fiduciary net position – beginning	76,694,287	90,829,013	96,289,918	99,265,302	111,715,901
Plan fiduciary net position – ending (b)	\$ 90,829,013	\$ 96,289,918	\$ 99,265,302	\$ 111,715,901	\$ 120,402,866
Net pension liability – ending (a) - (b)	\$ 7,569,988	\$ 8,161,871	\$ 11,486,042	\$ 6,381,782	\$ 6,298,490
Plan fiduciary net position as a percentage of the total pension liability	92.31%	92.19%	89.63%	94.60%	95.03%
Covered payroll	\$ 31,789,387	\$ 33,188,587	\$ 34,194,157	\$ 36,454,515	\$ 39,528,477
Net pension liability as a percentage of covered payroll	23.81%	24.59%	33.59%	17.51%	15.93%

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

Schedule of Changes in Net Pension Liability
and Related Ratios
Last Five Fiscal Years
Fiscal Year Ended June 30, 2019

Component Unit - School Board - Non-professional:

	2014*	2015	2016	2017	2018
Total pension liability					
Service cost	\$ 790,454	\$ 779,639	\$ 723,642	\$ 745,093	\$ 727,239
Interest	1,314,303	1,397,986	1,485,311	1,568,963	1,628,956
Changes in assumptions	-	-	-	(242,307)	-
Differences between expected and actual experience	-	76,425	28,543	(111,788)	173,636
Benefit payments, including refunds of employee contributions	(821,036)	(997,534)	(1,015,580)	(1,069,340)	(1,136,517)
Net change in total pension liability	<u>1,283,721</u>	<u>1,256,516</u>	<u>1,221,916</u>	<u>890,621</u>	<u>1,393,314</u>
Total pension liability – beginning	<u>19,186,281</u>	<u>20,470,002</u>	<u>21,726,518</u>	<u>22,948,434</u>	<u>23,839,055</u>
Total pension liability – ending (a)	<u>20,470,002</u>	<u>21,726,518</u>	<u>22,948,434</u>	<u>23,839,055</u>	<u>25,232,369</u>
Plan fiduciary net position					
Contributions – employer	634,627	422,140	448,949	346,567	340,240
Contributions – employee	367,367	326,614	345,096	355,536	351,153
Net investment income	3,029,074	1,016,928	401,377	2,817,301	1,886,650
Benefit payments, including refunds of employee contributions	(821,036)	(997,534)	(1,015,580)	(1,069,340)	(1,136,517)
Administrative expense	(16,035)	(13,964)	(14,272)	(16,287)	(16,342)
Other	160	(215)	(170)	(2,508)	(1,681)
Net change in plan fiduciary net position	<u>3,194,157</u>	<u>753,969</u>	<u>165,400</u>	<u>2,431,269</u>	<u>1,423,503</u>
Plan fiduciary net position – beginning	<u>19,118,695</u>	<u>22,312,852</u>	<u>23,066,821</u>	<u>23,232,221</u>	<u>25,663,490</u>
Plan fiduciary net position – ending (b)	<u>\$ 22,312,852</u>	<u>\$ 23,066,821</u>	<u>\$ 23,232,221</u>	<u>\$ 25,663,490</u>	<u>\$ 27,086,993</u>
Net pension (asset) liability – ending (a) - (b)	<u>\$ (1,842,850)</u>	<u>\$ (1,340,303)</u>	<u>\$ (283,787)</u>	<u>\$ (1,824,435)</u>	<u>\$ (1,854,624)</u>
Plan fiduciary net position as a percentage of the total pension liability	109.00%	106.17%	101.24%	107.65%	107.35%
Covered payroll	<u>\$ 6,626,519</u>	<u>\$ 6,978,640</u>	<u>\$ 7,425,942</u>	<u>\$ 7,450,252</u>	<u>\$ 7,932,127</u>
Net pension (asset) liability as a percentage of covered payroll	-27.81%	-19.21%	-3.82%	-24.49%	-23.38%

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

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 16
Page 1 of 4

Schedule of Changes in Net OPEB Liability
and Related Ratios
Last Three Fiscal Years
Fiscal Year Ended June 30, 2019

Primary Government:
Continuation Plan

	2017*	2018	2019
Total OPEB liability			
Service cost	\$ 224,155	\$ 127,610	\$ 120,931
Interest	80,071	80,443	88,806
Changes in assumptions	(477,330)	(68,613)	96,731
Differences between expected and actual experience	(348,615)	(35,324)	(290,442)
Benefit payments	(85,558)	(42,129)	(57,513)
Net change in total pension liability	<u>(607,277)</u>	<u>61,987</u>	<u>(41,487)</u>
Total OPEB liability – beginning	<u>2,747,539</u>	<u>2,140,262</u>	<u>2,202,249</u>
Total OPEB liability – ending (a)	<u><u>2,140,262</u></u>	<u><u>2,202,249</u></u>	<u><u>2,160,762</u></u>
Plan fiduciary net position			
Contributions – employer	-	(152,232)	57,513
Net investment income	125,779	-	-
Benefit payments	(1,174,592)	(42,129)	(57,513)
Administrative expenses	(1,655)	-	-
Net change in plan fiduciary net position	<u>(1,050,468)</u>	<u>(194,361)</u>	<u>-</u>
Plan fiduciary net position – beginning	<u>1,244,829</u>	<u>194,361</u>	<u>-</u>
Plan fiduciary net position – ending (b)	<u><u>\$ 194,361</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Net OPEB liability – ending (a) - (b)	<u>\$ 1,945,901</u>	<u>\$ 2,202,249</u>	<u>\$ 2,160,762</u>
Fiduciary net position as a percentage of the total OPEB liability	9.08%	0.00%	0.00%
Covered payroll	<u>\$ 39,576,059</u>	<u>\$ 40,961,221</u>	<u>\$ 42,074,311</u>
Net OPEB liability as a percentage of covered payroll	4.92%	5.38%	5.14%

* Schedule is intended to show information for 10 years. Information prior to 2017 is not available. Additional years will be included as the information becomes available.

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 16
Page 2 of 4

Schedule of Changes in Net OPEB Liability
and Related Ratios
Last Two Fiscal Years
Fiscal Year Ended June 30, 2019

Primary Government:
Credit Plan

	2018*	2019
Total OPEB liability		
Service cost	\$ 48,350	\$ 51,437
Interest	149,998	163,406
Changes in benefit terms	1,952,876	27,193
Differences between expected and actual experience	5,008	42,249
Benefit payments	(2,545)	(53,743)
Net change in total pension liability	<u>2,153,687</u>	<u>230,542</u>
Total OPEB liability – beginning	<u>-</u>	<u>2,153,687</u>
Total OPEB liability – ending (a)	<u><u>2,153,687</u></u>	<u><u>2,384,229</u></u>
Plan fiduciary net position		
Contributions – employer	715,474	192,175
Net investment income	55,579	35,259
Benefit payments	(2,545)	(53,743)
Administrative expenses	(1,151)	(1,304)
Net change in plan fiduciary net position	<u>767,357</u>	<u>172,387</u>
Plan fiduciary net position – beginning	<u>-</u>	<u>767,357</u>
Plan fiduciary net position – ending (b)	<u><u>\$ 767,357</u></u>	<u><u>\$ 939,744</u></u>
Net OPEB liability – ending (a) - (b)	<u>\$ 1,386,330</u>	<u>\$ 1,444,485</u>
Fiduciary net position as a percentage of the total OPEB liability	35.63%	39.42%
Covered payroll	<u>\$ 40,961,221</u>	<u>\$ 42,074,311</u>
Net OPEB liability as a percentage of covered payroll	3.38%	3.43%

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

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 16
Page 3 of 4

Schedule of Changes in Net OPEB Liability
and Related Ratios
Last Three Fiscal Years
Fiscal Year Ended June 30, 2019

School Board:
Continuation Plan

	2017*	2018	2019
Total OPEB liability			
Service cost	\$ 444,910	\$ 338,678	\$ 329,960
Interest	158,926	160,918	174,942
Changes in assumptions	(947,418)	(87,092)	(332,143)
Differences between expected and actual experience	(691,941)	(179,110)	(1,033,734)
Benefit payments	(169,819)	(185,321)	(213,308)
Net change in total pension liability	<u>(1,205,342)</u>	<u>48,073</u>	<u>(1,074,283)</u>
Total OPEB liability – beginning	<u>5,453,401</u>	<u>4,248,059</u>	<u>4,296,132</u>
Total OPEB liability – ending (a)	<u><u>4,248,059</u></u>	<u><u>4,296,132</u></u>	<u><u>3,221,849</u></u>
Plan fiduciary net position			
Contributions – employer	-	(200,450)	213,308
Net investment income	249,649	-	-
Benefit payments	(2,331,368)	(185,321)	(213,308)
Administrative expenses	(3,285)	-	-
Net change in plan fiduciary net position	<u>(2,085,004)</u>	<u>(385,771)</u>	<u>-</u>
Plan fiduciary net position – beginning	<u>2,470,775</u>	<u>385,771</u>	<u>-</u>
Plan fiduciary net position – ending (b)	<u><u>\$ 385,771</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Net OPEB liability – ending (a) - (b)	<u>\$ 3,862,288</u>	<u>\$ 4,296,132</u>	<u>\$ 3,221,849</u>
Fiduciary net position as a percentage of the total OPEB liability	9.08%	0.00%	0.00%
Covered payroll	<u>\$ 78,551,797</u>	<u>\$ 81,301,110</u>	<u>\$ 88,435,009</u>
Net OPEB liability as a percentage of covered payroll	4.92%	5.28%	3.64%

* Schedule is intended to show information for 10 years. Information prior to 2017 is not available. Additional years will be included as the information becomes available.

COUNTY OF FAUQUIER, VIRGINIA

Schedule of Changes in Net OPEB Liability
and Related Ratios
Current Year
Fiscal Year Ended June 30, 2019

Exhibit 16
Page 4 of 4

School Board:

Health Coverage Plan

	2019*
Total OPEB liability	
Service cost	\$ 11,028
Interest	6,657
Changes in assumptions	76,691
Differences between expected and actual experience	1,290
Net change in total pension liability	95,666
Total OPEB liability – beginning	-
Total OPEB liability – ending (a)	95,666
Plan fiduciary net position	
Contributions – employer	32,610
Net change in plan fiduciary net position	32,610
Plan fiduciary net position – beginning	-
Plan fiduciary net position – ending (b)	\$ 32,610
Net OPEB liability – ending (a) - (b)	\$ 63,056
Fiduciary net position as a percentage of the total OPEB liability	34.09%
Covered payroll	\$ 180,274
Net OPEB liability as a percentage of covered payroll	34.98%

	2017	2018	2019
Money-weighted rate of return on OPEB Plan Investments	9.52%	7.51%	4.67%

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

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

Schedule of the Proportionate Share
Virginia Retirement System's
Net Pension and Net OPEB Liability
Fiscal Year Ended June 30, 2019

Net Pension Liability

School Board:

Teacher Retirement Plan

Date*	Employer's Proportion of the Net Pension Liability	Employer's Proportionate Share of the Net Pension Liability	Employer's Covered Payroll	Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability
2019	0.90285%	\$ 106,175,000	\$ 75,619,472	140.41%	74.81%
2018	0.92342%	113,561,000	72,884,547	155.81%	72.92%
2017	0.94296%	132,147,499	72,875,794	181.33%	68.28%
2016	0.94607%	117,860,528	72,441,305	162.70%	70.68%
2015	0.95944%	114,805,836	70,248,727	163.43%	70.88%

Net OPEB Liability

Primary Government:

Group Life Insurance Program

Date*	Employer's Proportion of the Net OPEB Liability	Employer's Proportionate Share of the Net OPEB Liability	Employer's Covered Payroll	Employer's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan's Fiduciary Net Position as a Percentage of the Total OPEB Liability
2019	0.19219%	\$ 2,919,000	\$ 36,612,916	7.97%	51.22%
2018	0.18604%	2,800,000	36,543,557	7.66%	48.86%

School Board:

Group Life Insurance Program

Non-Professional

Date*	Employer's Proportion of the Net OPEB Liability	Employer's Proportionate Share of the Net OPEB Liability	Employer's Covered Payroll	Employer's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan's Fiduciary Net Position as a Percentage of the Total OPEB Liability
2019	0.39330%	\$ 598,000	\$ 8,000,043	7.47%	51.22%
2018	0.04049%	609,000	7,477,675	8.14%	48.86%

Teachers

Date*	Employer's Proportion of the Net OPEB Liability	Employer's Proportionate Share of the Net OPEB Liability	Employer's Covered Payroll	Employer's Proportionate Share of the Net OPEB Liability (asset) as a Percentage of its Covered- Employee Payroll	Plan's Fiduciary Net Position as a Percentage of the Total OPEB Liability
2019	0.38420%	\$ 5,835,000	\$ 75,621,380	7.72%	51.22%
2018	0.39646%	5,967,000	73,055,143	8.17%	48.86%

Teacher Employee Health Insurance Program

Date*	Employer's Proportion of the Net OPEB Liability	Employer's Proportionate Share of the Net OPEB Liability	Employer's Covered Payroll	Employer's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan's Fiduciary Net Position as a Percentage of the Total OPEB Liability
2019	0.90237%	\$ 11,458,000	\$ 75,574,076	15.16%	8.08%
2018	0.92391%	11,721,000	72,978,293	16.06%	7.04%

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

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



COMBINING AND INDIVIDUAL FINANCIAL FUND STATEMENTS



CAPITAL PROJECTS FUND

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

COUNTY OF FAUQUIER, VIRGINIA

Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
Capital Projects Fund
Fiscal Year Ended June 30, 2019

Exhibit 18
Page 1 of 2

	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Revenues				
Revenue from use of money and property	\$ -	\$ 176,715	\$ 27,755	\$ (148,960)
Charges for services	30,000	30,000	28,189	(1,811)
Recovered costs	13,220	43,440	43,440	-
Miscellaneous revenue	521,500	3,837,571	3,579,773	(257,798)
Intergovernmental:				
Commonwealth of Virginia	915,490	1,331,316	490,586	(840,730)
Federal Government	5,255,800	4,838,083	202,646	(4,635,437)
Total revenues	6,736,010	10,257,125	4,372,389	(5,884,736)
Expenditures				
Current operating:				
Capital projects:				
Public safety:				
Radio system	5,804,526	5,804,526	2,151,424	3,653,102
Southern fire station	-	301,350	1,350	300,000
Total public safety	5,804,526	6,105,876	2,152,774	3,953,102
Public works:				
Landfill Expansion	1,444,130	1,444,130	-	1,444,130
Midland Service District Improvements	3,353,221	6,353,221	64,452	6,288,769
Marshall Water System	500,000	500,000	-	500,000
Marshall Main Street	4,515,108	4,815,108	124,424	4,690,684
Catlett-Calverton Wastewater Treatment System	8,797,089	9,430,150	983,025	8,447,125
Greenville/Kettle Run second entrance	300,000	300,000	-	300,000
Total public works	18,909,548	22,842,609	1,171,901	21,670,708
Parks, recreation, and cultural:				
Palmer extension	627,406	871,127	23,152	847,975
Woods of Warrenton	539,494	1,067,826	234	1,067,592
M M Pierce trail project	341,439	516,397	-	516,397
Safe routes to school	334,736	334,736	292,569	42,167
Rappahannock landing	400,000	800,000	235,825	564,175
Upperville Park	269,582	269,582	269,579	3
Mintbrook Fields	-	50,000	-	50,000
Riverside Preserve	-	50,000	36,873	13,127
Tin Pot Run Trail Connector	-	16,907	-	16,907
Elk Run Church Museum	-	25,000	-	25,000
Northern swimming pool	40,561	40,561	2,200	38,361
Northern sports complex	42,740	181,317	110,821	70,496
Southern sports complex	10,053	10,053	-	10,053
Central library	506,190	506,190	-	506,190
Central sports complex	7,635,243	12,487,584	1,932,223	10,555,361
Total parks, recreation, and cultural	10,747,444	17,227,280	2,903,476	14,323,804
Community development:				
Vint Hill Public Streets Network	469,987	469,987	102,359	367,628
Mill Run Business Park	76,474	2,193	2,193	-
Salem Avenue	66,833	356,758	247,523	109,235
Whiting Road	302,175	727,175	25,800	701,375
Waterloo Bridge	-	1,000,000	1,000,000	-
County broadband	8,687,043	8,687,043	104,677	8,582,366
Total community development	9,602,512	11,243,156	1,482,552	9,760,604
Total current operating expenditures	\$ 45,064,030	\$ 57,418,921	\$ 7,710,703	\$ 49,708,218

COUNTY OF FAUQUIER, VIRGINIA

Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
Capital Projects Fund
Fiscal Year Ended June 30, 2019

Exhibit 18
Page 2 of 2

	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Expenditures (continued)				
Capital outlay:				
General government administration	\$ 7,503,793	\$ 1,884,861	\$ 387,451	\$ 1,497,410
Judicial administration	2,085,625	-	-	-
Public safety	2,318,311	2,531,660	1,582,985	948,675
Public works	4,025,799	4,794,223	1,107,698	3,686,525
Health and welfare	-	2,475,001	1,215,580	1,259,421
Education	259,592	259,592	-	259,592
Parks, recreation, and cultural	620,913	385,921	113,455	272,466
Community development	75,000	100,000	12,800	87,200
Total capital outlay	16,889,033	12,431,258	4,419,969	8,011,289
Debt service:				
Debt covenant	58,853	58,853	-	58,853
Total debt service	58,853	58,853	-	58,853
Total expenditures	62,011,916	69,909,032	12,130,672	57,778,360
Excess (deficiency) of revenues over (under) expenditures	(55,275,906)	(59,651,907)	(7,758,283)	51,893,624
Other financing sources (uses)				
Transfers in	9,406,690	16,231,341	12,822,375	(3,408,966)
Transfers (out)	(7,319,813)	(7,516,883)	(812,116)	6,704,767
Issuance of debt	38,992,538	36,475,413	9,364,502	(27,110,911)
Premium on debt	-	1,107,610	1,107,610	-
Total other financing sources (uses)	41,079,415	46,297,481	22,482,371	(23,815,110)
Net change in fund balances/(deficits)	(14,196,491)	(13,354,426)	14,724,088	28,078,514
Fund balances - beginning	15,446,517	15,446,517	15,446,517	-
Fund balances - ending	\$ 1,250,026	\$ 2,092,091	\$ 30,170,605	\$ 28,078,514



DEBT SERVICE FUND

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



Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
Debt Service Fund
Fiscal Year Ended June 30, 2019

	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Revenues				
Miscellaneous revenue	\$ 195,113	\$ 223,197	\$ 223,197	\$ -
Intergovernmental:				
Federal Government	393,975	398,650	398,650	-
Total revenues	589,088	621,847	621,847	-
Expenditures				
Current operating:				
Education	-	712,505	712,505	-
Public safety	-	6,952,655	6,952,655	-
Debt service:				
Principal retirement	9,323,149	8,456,382	8,456,382	-
Interest charges	3,397,160	3,324,318	3,324,317	1
Issuance costs	-	186,938	186,938	-
Fiscal charges	8,300	8,300	4,901	3,399
Total expenditures	12,728,609	19,641,098	19,637,698	3,400
Excess (deficiency) of revenues over (under) expenditures	(12,139,521)	(19,019,251)	(19,015,851)	3,400
Other financing sources (uses)				
Transfers in	12,139,521	12,323,544	12,323,544	-
Transfers (out)	-	(1,220,770)	(1,220,770)	-
Issuance of debt	-	7,186,659	7,186,659	-
Premium on debt	-	729,818	729,818	-
Total other financing sources (uses)	12,139,521	19,019,251	19,019,251	-
Net change in fund balances	-	-	3,400	3,400
Fund balances - beginning	82,831	82,831	82,831	-
Fund balances - ending	\$ 82,831	\$ 82,831	\$ 86,231	\$ 3,400

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

The *Conservation Easement Service District Fund* is used to account for and report a special levy on assessed real estate to support the County's Purchase of Development Rights Program.

The *Ambulance Revenue Fund* is used to account for and report transactions related to ambulance services.

The *Contributory Agency Grant Fund* is used to account for and report transactions related to the Northern Piedmont Microenterprise Project which establishes a revolving loan fund to serve entrepreneurs in the Northern Piedmont Region. Loans provide low-to-moderate income individuals the opportunity to access capital for new business startup or expansion of existing businesses.

The *Social Services Board Fund* is used to account for donations from individuals and organizations to the Department of Social Services to support clients and programs.

The *Parks and Recreation Fund* is used to account for and report private donations to support parks and recreation facilities and programs.

The *Library Fund* is used to account for and report private donations to support library facilities and programs.

The *Marshall Electric Light and Business Improvement District Fund* is used to account for and report an annual tax assessed on real property within the Marshall Electric Light and Business Improvement District to (i) provide for the design, construction, repair, maintenance, operation, and replacement of infrastructure improvements and (ii) promote the district, Marshall generally, and the businesses located therein.

The *Proffer Fund* is used to account for and report contributions from developers to support the impact on infrastructure from new housing growth.

The *Stormwater Management Fund* is used to account for and report on Stormwater fees collected to be used to support a State-mandated stormwater management program.

The *Vint Hill Community Enrichment Fund* is used to account for and report on donations required as a covenant to a real estate agreement between parties external to the County. The donations are to be utilized for the purposes of enriching community development within the Vint Hill area.

NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

The *Vint Hill Transportation Fund* is used to account for and report contributions from developers to support the expansion of roads in the Vint Hill area.

The *Treasurer's E-Summons Fund* is used to account for fees collected on each criminal and traffic case within the County to be used to implement and maintain an electronic summons (e-summons) system.

The *Project Lifesaver Fund* is used to account for and provide police, fire/rescue and other first responders with a comprehensive program on the use of specialized electronic search and rescue equipment, technology and procedures, as well as teaching rescuers how to effectively communicate with people afflicted with cognitive conditions, all of which are essential to a successful rescue.

COUNTY OF FAUQUIER, VIRGINIA

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2019

Exhibit 20
Page 1 of 2

	Special Revenue Funds						
	Conservation Easement Service District Fund	Ambulance Revenue Fund	Contributory Agency Grant Fund	Social Services Board Fund	Parks and Recreation Fund	Library Fund	Marshall Electric Light and Business Improvement District Fund
Assets							
Cash and cash equivalents	\$ 651,506	\$ 277,385	\$ -	\$ -	\$ -	\$ -	\$ 1,135
Cash and cash equivalents - restricted	-	-	-	48,723	199,896	352,709	16,903
Receivables, net of allowance for uncollectibles:							
Taxes, including penalties	19,681	-	-	-	-	-	205
Accounts	766	270,886	-	-	124	-	5
Due from other governmental units	75,443	-	7,200	-	-	-	-
Total assets	747,396	548,271	7,200	48,723	200,020	352,709	18,248
Total assets and deferred outflows of resources	747,396	548,271	7,200	48,723	200,020	352,709	18,248
Liabilities							
Accounts payable	403	59,748	-	842	557	89	896
Accrued liabilities	1,642	1,235	-	-	-	-	-
Due to other funds	-	-	7,200	-	-	-	-
Escrows	-	-	-	-	-	-	-
Total liabilities	2,045	60,983	7,200	842	557	89	896
Deferred inflows of resources							
Revenue advances	2,824	-	-	-	-	-	84
Unavailable revenue	13,582	114,034	-	-	-	-	154
Total deferred inflows of resources	16,406	114,034	-	-	-	-	238
Total liabilities and deferred inflows of resources	18,451	175,017	7,200	842	557	89	1,134
Fund balances							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	199,463	352,620	17,114
Committed	728,945	373,254	-	47,881	-	-	-
Total fund balances	728,945	373,254	-	47,881	199,463	352,620	17,114
Total liabilities, deferred inflows of resources, and fund balances	\$ 747,396	\$ 548,271	\$ 7,200	\$ 48,723	\$ 200,020	\$ 352,709	\$ 18,248

Special Revenue Funds							
Proffer Fund	Stormwater Management Fund	Vint Hill Community Enrichment Fund	Vint Hill Transportation Fund	Treasurer's E- Summons Fund	Project Lifesaver Fund	Total Nonmajor Governmental Funds	
							Assets
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	930,026	Cash and cash equivalents
5,083,157	219,751	286,129	278,505	125,294	704	6,611,771	Cash and cash equivalents - restricted
-	-	-	-	-	-	19,886	Receivables, net of allowance for uncollectibles:
-	4,167	-	-	-	-	275,948	Taxes, including penalties
-	-	-	-	-	-	82,643	Accounts
							Due from other governmental units
5,083,157	223,918	286,129	278,505	125,294	704	7,920,274	Total assets
5,083,157	223,918	286,129	278,505	125,294	704	7,920,274	Total assets and deferred outflows of resources
							Liabilities
-	-	-	-	-	-	62,535	Accounts payable
-	-	-	-	-	-	2,877	Accrued liabilities
-	-	-	-	-	-	7,200	Due to other funds
764,327	-	-	-	-	-	764,327	Escrows
764,327	-	-	-	-	-	836,939	Total liabilities
							Deferred inflows of resources
-	3,089	-	-	-	-	5,997	Revenue advances
-	-	-	-	-	-	127,770	Unavailable revenue
-	3,089	-	-	-	-	133,767	Total deferred inflows of resources
764,327	3,089	-	-	-	-	970,706	Total liabilities and deferred inflows of resources
							Fund balances
-	-	-	-	-	-	-	Nonspendable
4,318,830	220,829	286,129	278,505	125,294	704	5,799,488	Restricted
-	-	-	-	-	-	1,150,080	Committed
4,318,830	220,829	286,129	278,505	125,294	704	6,949,568	Total fund balances
\$ 5,083,157	\$ 223,918	\$ 286,129	\$ 278,505	\$ 125,294	\$ 704	\$ 7,920,274	Total liabilities, deferred inflows of resources, and fund balances

Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances – Nonmajor Governmental Funds
Fiscal Year Ended June 30, 2019

Page 1 of 2

	Special Revenue Funds						
	Conservation Easement Service District Fund	Ambulance Revenue Fund	Contributory Agency Grant Fund	Social Services Board Fund	Parks and Recreation Fund	Library Fund	Marshall Electric Light and Business Improvement District Fund
Revenues							
General property taxes	\$ 751,689	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,185
Fines and forfeitures	-	-	-	-	-	-	-
Revenue from use of money and property	-	-	-	1,038	5,908	7,720	-
Charges for services	-	1,563,648	-	-	-	-	-
Gifts and donations	-	-	-	11,014	11,982	72,567	-
Recovered costs	-	-	-	-	-	-	-
Miscellaneous revenue	-	-	-	2,779	-	-	-
Intergovernmental:							
Commonwealth of Virginia	136,986	-	-	-	-	-	-
Federal Government	-	-	7,200	-	-	-	-
Total revenues	<u>888,675</u>	<u>1,563,648</u>	<u>7,200</u>	<u>14,831</u>	<u>17,890</u>	<u>80,287</u>	<u>9,185</u>
Expenditures							
Current operating:							
General government administration	-	-	-	-	-	-	-
Public safety	-	469,409	-	-	-	-	-
Public works	-	-	-	-	-	-	11,126
Health and welfare	-	-	-	13,792	-	-	-
Parks, recreation, and cultural	-	-	-	-	17,396	19,459	-
Community development	689,679	-	7,200	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Total expenditures	<u>689,679</u>	<u>469,409</u>	<u>7,200</u>	<u>13,792</u>	<u>17,396</u>	<u>19,459</u>	<u>11,126</u>
Excess (deficiency) of revenues over (under) expenditures	<u>198,996</u>	<u>1,094,239</u>	<u>-</u>	<u>1,039</u>	<u>494</u>	<u>60,828</u>	<u>(1,941)</u>
Other financing sources (uses)							
Transfers in	2,580	1,865	-	-	-	-	-
Transfers (out)	-	(961,601)	-	-	(114,043)	-	-
Issuance of debt	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>2,580</u>	<u>(959,736)</u>	<u>-</u>	<u>-</u>	<u>(114,043)</u>	<u>-</u>	<u>-</u>
Net change in fund balances/(deficits)	201,576	134,503	-	1,039	(113,549)	60,828	(1,941)
Fund balances - beginning	<u>527,369</u>	<u>238,751</u>	<u>-</u>	<u>46,842</u>	<u>313,012</u>	<u>291,792</u>	<u>19,055</u>
Fund balances - ending	<u>\$ 728,945</u>	<u>\$ 373,254</u>	<u>\$ -</u>	<u>\$ 47,881</u>	<u>\$ 199,463</u>	<u>\$ 352,620</u>	<u>\$ 17,114</u>

Special Revenue Funds							
Proffer Fund	Stormwater Management Fund	Vint Hill Community Enrichment Fund	Vint Hill Transportation Fund	Treasurer's E- Summons Fund	Project Lifesaver Fund	Total Nonmajor Governmental Funds	
							Revenues
\$ -	\$ 362,799	\$ -	\$ -	\$ -	\$ -	\$ 1,123,673	General property taxes
-	-	-	-	41,223	-	41,223	Fines and forfeitures
78,879	-	-	6,647	-	-	100,192	Revenue from use of money and property
-	-	-	-	-	-	1,563,648	Charges for services
391,766	-	286,129	9,113	-	-	782,571	Gifts and donations
-	-	-	-	-	-	-	Recovered costs
-	-	-	-	-	-	2,779	Miscellaneous revenue
-	-	-	-	-	-	-	Intergovernmental:
-	-	-	-	-	-	136,986	Commonwealth of Virginia
-	-	-	-	-	-	7,200	Federal Government
470,645	362,799	286,129	15,760	41,223	-	3,758,272	Total revenues
							Expenditures
-	-	-	-	-	-	-	Current operating:
-	-	-	-	22,836	-	492,245	General government administration
-	-	-	-	-	-	11,126	Public safety
-	-	-	-	-	-	13,792	Public works
-	-	-	-	-	-	36,855	Health and welfare
-	-	-	-	-	-	696,879	Parks, recreation, and cultural
-	-	-	-	-	-	-	Community development
-	-	-	-	-	-	-	Capital outlay
-	-	-	-	22,836	-	1,250,897	Total expenditures
470,645	362,799	286,129	15,760	18,387	-	2,507,375	Excess (deficiency) of revenues over (under) expenditures
							Other financing sources (uses)
-	-	-	-	-	-	4,445	Transfers in
-	(358,657)	-	-	-	-	(1,434,301)	Transfers (out)
-	-	-	-	-	-	-	Issuance of debt
-	(358,657)	-	-	-	-	(1,429,856)	Total other financing sources (uses)
470,645	4,142	286,129	15,760	18,387	-	1,077,519	Net change in fund balances/(deficits)
3,848,185	216,687	-	262,745	106,907	704	5,872,049	Fund balances - beginning
\$ 4,318,830	\$ 220,829	\$ 286,129	\$ 278,505	\$ 125,294	\$ 704	\$ 6,949,568	Fund balances - ending

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 22

**Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
Nonmajor Governmental Funds – Conservation Easement Service District Fund
Fiscal Year Ended June 30, 2019**

	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Revenues				
General property taxes	\$ 740,325	\$ 740,325	\$ 751,689	\$ 11,364
Intergovernmental:				
Commonwealth of Virginia	105,000	433,718	136,986	(296,732)
Total revenues	845,325	1,174,043	888,675	(285,368)
Expenditures				
Current operating:				
Community development	845,325	1,704,294	689,679	1,014,615
Total expenditures	845,325	1,704,294	689,679	1,014,615
Excess (deficiency) of revenues over (under) expenditures	-	(530,251)	198,996	729,247
Other financing sources (uses)				
Transfers in	-	2,580	2,580	-
Total other financing sources (uses)	-	2,580	2,580	-
Net change in fund balances/(deficits)	-	(527,671)	201,576	729,247
Fund balances - beginning	527,369	527,369	527,369	-
Fund balances/(deficits) - ending	\$ 527,369	\$ (302)	\$ 728,945	\$ 729,247

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 23

**Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
Nonmajor Governmental Funds – Ambulance Revenue Fund
Fiscal Year Ended June 30, 2019**

	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Revenues				
Charges for services	\$ 1,456,617	\$ 1,456,617	\$ 1,563,648	\$ 107,031
Total revenues	1,456,617	1,456,617	1,563,648	107,031
Expenditures				
Current operating:				
Public safety	495,016	496,881	469,409	27,472
Total expenditures	495,016	496,881	469,409	27,472
Excess (deficiency) of revenues over (under) expenditures	961,601	959,736	1,094,239	134,503
Other financing sources (uses)				
Transfers in	-	1,865	1,865	-
Transfers (out)	(961,601)	(961,601)	(961,601)	-
Total other financing sources (uses)	(961,601)	(959,736)	(959,736)	-
Net change in fund balances	-	-	134,503	134,503
Fund balances - beginning	238,751	238,751	238,751	-
Fund balances - ending	\$ 238,751	\$ 238,751	\$ 373,254	\$ 134,503

Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
Nonmajor Governmental Funds – Contributory Agency Grant Fund
Fiscal Year Ended June 30, 2019

	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Revenues				
Intergovernmental:				
Federal Government	\$ -	\$ 15,751	\$ 7,200	\$ (8,551)
Total revenues	-	15,751	7,200	(8,551)
Expenditures				
Current operating:				
Community development	-	15,751	7,200	8,551
Total expenditures	-	15,751	7,200	8,551
Excess of revenues over expenditures	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

PROPRIETARY FUNDS

The Internal Service Funds are used to account for and report the financing of goods and/or services provided by a department to another department on a cost reimbursement basis.

The *Fleet Maintenance Fund* is used to account for and report the operations of the County and School garage. It receives revenues through charges to local public agencies and County and School departments for vehicle repairs and fuel.

The *Health Insurance Fund* is used to account for and report the provision of a comprehensive health benefits program for County and School employees.

Combining Statement of Net Position
Internal Service Funds
June 30, 2019

	Internal Service Funds		
	Fleet Maintenance Fund	Health Insurance Fund	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 26,453	\$ 17,174,094	\$ 17,200,547
Receivables, net of allowance for uncollectibles	13,230	478,187	491,417
Inventories	204,701	-	204,701
Total current assets	244,384	17,652,281	17,896,665
Noncurrent assets:			
Capital assets (depreciable):			
Buildings and improvements	349,000	-	349,000
Machinery and equipment	662,158	37,521	699,679
Accumulated depreciation	(807,229)	(8,040)	(815,269)
Total capital assets	203,929	29,481	233,410
Total noncurrent assets	203,929	29,481	233,410
Total assets	448,313	17,681,762	18,130,075
Deferred outflow of resources			
Items related to measurement of net pension liability	12,542	-	12,542
Pension contributions subsequent to measurement date	69,096	-	69,096
Items related to measurement of net OPEB liability	8,117	-	8,117
OPEB contributions subsequent to measurement date	4,037	-	4,037
Total deferred outflow of resources	93,792	-	93,792
Total assets and deferred outflows of resources	542,105	17,681,762	18,223,867
Liabilities			
Current liabilities:			
Accounts payable	90,413	995,707	1,086,120
Accrued and other liabilities	10,573	-	10,573
Due to other funds	-	339,629	339,629
Current portion of compensated absences	12,217	-	12,217
Current portion of incurred but not reported claims	-	763,094	763,094
Total current liabilities	113,203	2,098,430	2,211,633
Noncurrent liabilities:			
Noncurrent portion of compensated absences	109,956	-	109,956
Noncurrent portion of incurred but not reported claims	-	2,289,283	2,289,283
Net pension liability	124,082	-	124,082
Net OPEB liability	128,227	-	128,227
Total noncurrent liabilities	362,265	2,289,283	2,651,548
Total liabilities	475,468	4,387,713	4,863,181
Deferred inflow of resources			
Items related to measurement of pension liability	31,924	-	31,924
Items related to measurement of OPEB liability	24,215	-	24,215
Total deferred inflow of resources	56,139	-	56,139
Total liabilities and deferred inflows of resources	531,607	4,387,713	4,919,320
Net position			
Investment in capital assets	203,929	29,481	233,410
Unrestricted (deficit)	(193,431)	13,264,568	13,071,137
Total net position	10,498	13,294,049	13,304,547
Total liabilities, deferred inflows of resources, and net position	\$ 542,105	\$ 17,681,762	\$ 18,223,867

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 26

**Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
Fiscal Year Ended June 30, 2019**

	Internal Service Funds		
	Fleet Maintenance Fund	Health Insurance Fund	Total
Operating revenues			
Charges for services	\$ 3,319,106	\$ 32,932,426	\$ 36,251,532
Miscellaneous revenue	2,017	591,975	593,992
Total operating revenues	3,321,123	33,524,401	36,845,524
Operating expenses			
Personal services	802,440	-	802,440
Fringe benefits	278,713	-	278,713
Claims and benefits paid	-	28,362,751	28,362,751
Premiums	-	3,080,247	3,080,247
Contractual services	236,496	1,907,927	2,144,423
Other operating expenses	2,115,490	49,890	2,165,380
Depreciation	23,470	5,360	28,830
Pension and OPEB expense	31,043	-	31,043
Total operating expenses	3,487,652	33,406,175	36,893,827
Operating income (loss)	(166,529)	118,226	(48,303)
Nonoperating revenues (expenses)			
Interest income	-	396,967	396,967
Total nonoperating revenues	-	396,967	396,967
Income (loss)	(166,529)	515,193	348,664
Transfers in	34,747	-	34,747
Change in net position	(131,782)	515,193	383,411
Net position - beginning	142,280	12,778,856	12,921,136
Net position - ending	\$ 10,498	\$ 13,294,049	\$ 13,304,547

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 27

Combining Statement of Cash Flows

Internal Service Funds

Fiscal Year Ended June 30, 2019

	Internal Service Funds		
	Fleet Maintenance Fund	Health Insurance Fund	Total
Cash Flow from Operating Activities			
Receipts from customers and users	\$ 229,212	\$ 436,495	\$ 665,707
Receipts from interfund services provided	3,090,873	32,376,808	35,467,681
Payment to suppliers and other operating activities	(2,345,793)	(32,225,854)	(34,571,647)
Payment to employees (including fringes)	(1,155,380)	-	(1,155,380)
Net cash provided by (used for) operating activities	(181,088)	587,449	406,361
Cash Flow from Noncapital Financing Activities			
Transfers in	34,747	-	34,747
Proceeds from interfund obligation	-	339,629	339,629
Net cash provided by noncapital financing activities	34,747	339,629	374,376
Cash Flow from Capital and Related Financing Activities			
Cash Flow from Investing Activities			
Interest income	-	396,967	396,967
Net cash provided by investing activities	-	396,967	396,967
Net increase (decrease) in cash and cash equivalents	(146,341)	1,324,045	1,177,704
Cash and cash equivalents - beginning of the year	172,794	15,850,049	16,022,843
Cash and cash equivalents - end of the year	26,453	17,174,094	17,200,547
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities			
Cash flows from operations:			
Operating income (loss)	(166,529)	118,226	(48,303)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	23,470	5,360	28,830
Changes in operating assets and liabilities:			
(Increase) decrease in receivables	(1,038)	(119,123)	(120,161)
(Increase) decrease in inventory	13,948	-	13,948
(Increase) decrease in prepaid items	-	166,763	166,763
(Increase) decrease in deferred outflows of resources	(22,451)	-	(22,451)
Increase (decrease) in accounts payable	(7,755)	204,617	196,862
Increase (decrease) in accrued liabilities	(1,094)	-	(1,094)
Increase (decrease) in incurred but not reported claims	-	211,606	211,606
Increase (decrease) in net pension liability	(2,278)	-	(2,278)
Increase (decrease) in net OPEB liability	5,680	-	5,680
Increase (decrease) in deferred inflows of resources	(23,041)	-	(23,041)
Net cash provided by (used for) operating activities	\$ (181,088)	\$ 587,449	\$ 406,361



FIDUCIARY FUNDS

The Fiduciary Funds account for assets held by the government in a trustee capacity or as agent or custodian for individuals, private organizations, other governmental units, or other funds. Pension (and other employee benefit) trust funds account for assets held by the County under terms of a formal trust agreement. Agency Funds are custodial in nature and are maintained to account for funds received and disbursed by the County on behalf of various organizations.

Pension and Employer Benefit Trust Fund:

The *Other Postemployment Benefit Plans Fund* is used to account for and report the costs of health care and other non-pension benefits offered to retirees. No combining statement is presented because this fund is the only Pension and Employee Benefit Trust fund.

Agency Funds:

The *Working Together Fund* is used to account for and report proceeds from County and School employee fundraising activities to support service and social activities.

The *Fire and Rescue Volunteer USDA Debt Service Fund* is used to account for the required debt service reserve of 10% annually for 10 years which will accumulate in restricted cash accounts in the fund. The reserve may be used for capital improvements in the future if approved by USDA in accordance with the loan agreements.

The *Volunteer Fire and Rescue Association Fund* is used to account for funds of the Volunteer Fire and Rescue Association that are managed and administered by the Treasurer of Fauquier County.

The *Volunteer Fire and Rescue Operations Fund* is used to account for funds on behalf of Upperville Volunteer Fire and Rescue Company, for which the County has assumed financial management and accounting activities.

The *Special Welfare Fund* is used to account for and report regular assistance payments to recipients in the Aid to Dependent Children Program. Revenue sources include payments from the Commonwealth, individuals, organizations, and churches.

The *Detention Center Fund* is used to account for and report personal funds belonging to inmates upon their arrest, funds on account for inmates to purchase items, and funds collected from inmates who participate in the work release program.

FIDUCIARY FUNDS (CONTINUED)

The *Service to Outside Agencies Fund* is used to account for and report reimbursements from John Marshall Water and Sewer and the Vint Hill Economic Development Authority to support salaries and benefits for their employees.

The *Commonwealth Opportunity Fund* is used to account for funds received from the Virginia Economic Development Partnership's Commonwealth Opportunity Fund grant program to aid in the infrastructure costs including public and private utility extension for fiber, water, and sewer.

COUNTY OF FAUQUIER, VIRGINIA

Combining Statement of Fiduciary Net Position
 Agency Funds
 June 30, 2019

Exhibit 28
 Page 1 of 2

	Agency Funds			
	Working Together Fund	Fire and Rescue USDA Debt Service Fund	Volunteer Fire and Rescue Association Fund	Volunteer Fire and Rescue Operations Fund
Assets				
Cash and cash equivalents	\$ 26,992	\$ 528,902	\$ 106,886	\$ 369,894
Cash in custody of others	-	-	-	-
Receivables, net of allowance for uncollectibles:				
Accounts	35	-	-	-
Total assets	<u>27,027</u>	<u>528,902</u>	<u>106,886</u>	<u>369,894</u>
Liabilities				
Accrued liabilities	-	-	-	2,643
Amounts held for others	27,027	528,902	106,886	367,251
Total liabilities	<u>\$ 27,027</u>	<u>\$ 528,902</u>	<u>\$ 106,886</u>	<u>\$ 369,894</u>

Agency Funds					
Special Welfare Fund	Detention Center Fund	Service to Outside Agencies Fund	Commonwealth Opportunity Fund	Total	
\$ 3,399	\$ -	\$ 100,505	\$ 2,250,000	\$ 3,386,578	Assets
-	119,983	-	-	119,983	Cash and cash equivalents
-	-	2,765	-	2,800	Cash in custody of others
3,399	119,983	103,270	2,250,000	3,509,361	Receivables, net of allowance for uncollectibles:
					Accounts
					Total assets
-	-	5,938	-	8,581	Liabilities
3,399	119,983	97,332	2,250,000	3,500,780	Accrued liabilities
					Amounts held for others
\$ 3,399	\$ 119,983	\$ 103,270	\$ 2,250,000	\$ 3,509,361	Total liabilities

COUNTY OF FAUQUIER, VIRGINIA

Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
Fiscal Year Ended June 30, 2019

Exhibit 29
Page 1 of 2

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
Working Together Fund				
Assets:				
Cash and cash equivalents	\$ 23,894	\$ 43,138	\$ 40,040	\$ 26,992
Accounts receivable	35	35	35	35
Total assets	<u>23,929</u>	<u>43,173</u>	<u>40,075</u>	<u>27,027</u>
Liabilities:				
Amounts held for clients/others	\$ <u>23,929</u>	\$ <u>43,173</u>	\$ <u>40,075</u>	\$ <u>27,027</u>
Fire and Rescue USDA Debt Service Fund				
Assets:				
Cash and cash equivalents	\$ <u>716,831</u>	\$ <u>1,176,686</u>	\$ <u>1,364,615</u>	\$ <u>528,902</u>
Liabilities:				
Amounts held for clients/others	\$ <u>716,831</u>	\$ <u>1,176,686</u>	\$ <u>1,364,615</u>	\$ <u>528,902</u>
Volunteer Fire and Rescue Association Fund				
Assets:				
Cash and cash equivalents	\$ <u>110,038</u>	\$ <u>8,638</u>	\$ <u>11,790</u>	\$ <u>106,886</u>
Liabilities:				
Amounts held for clients/others	\$ <u>110,038</u>	\$ <u>8,638</u>	\$ <u>11,790</u>	\$ <u>106,886</u>
Volunteer Fire and Rescue Operations Fund				
Assets:				
Cash and cash equivalents	\$ 284,374	\$ 147,376	\$ 61,856	\$ 369,894
Due from other Funds	<u>9,867</u>	<u>-</u>	<u>9,867</u>	<u>-</u>
Total assets	<u>294,241</u>	<u>147,376</u>	<u>71,723</u>	<u>369,894</u>
Liabilities:				
Accrued liabilities	4,138	2,643	4,138	2,643
Amounts held for clients/others	<u>290,103</u>	<u>144,733</u>	<u>67,585</u>	<u>367,251</u>
Total liabilities	\$ <u>294,241</u>	\$ <u>147,376</u>	\$ <u>71,723</u>	\$ <u>369,894</u>
Special Welfare Fund				
Assets:				
Cash and cash equivalents	\$ <u>249</u>	\$ <u>15,378</u>	\$ <u>12,228</u>	\$ <u>3,399</u>
Liabilities:				
Amounts held for clients/others	\$ <u>249</u>	\$ <u>15,378</u>	\$ <u>12,228</u>	\$ <u>3,399</u>
Detention Center Fund				
Assets:				
Cash in custody of others:				
Cash - canteen account	\$ 133,373	\$ 15,977	\$ 36,252	\$ 113,098
Cash - inmate accounts	2,400	154,931	152,232	5,099
Cash - work release	<u>1,052</u>	<u>34,909</u>	<u>34,175</u>	<u>1,786</u>
Total assets	<u>136,825</u>	<u>205,817</u>	<u>222,659</u>	<u>119,983</u>
Liabilities:				
Amounts held for clients/others	\$ <u>136,825</u>	\$ <u>205,817</u>	\$ <u>222,659</u>	\$ <u>119,983</u>

Combining Statement of Changes in Fiduciary Assets and Liabilities

Agency Funds

Fiscal Year Ended June 30, 2019

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
Service to Outside Agencies Fund				
Assets:				
Cash and cash equivalents	\$ 104,362	\$ 352,742	\$ 356,599	\$ 100,505
Accounts receivable	-	2,765	-	2,765
Total assets	<u>104,362</u>	<u>355,507</u>	<u>356,599</u>	<u>103,270</u>
Liabilities:				
Accrued liabilities	3,316	5,938	3,316	5,938
Amounts held for clients/others	<u>101,046</u>	<u>349,569</u>	<u>353,283</u>	<u>97,332</u>
Total liabilities	<u>\$ 104,362</u>	<u>\$ 355,507</u>	<u>\$ 356,599</u>	<u>\$ 103,270</u>
Commonwealth Opportunity Fund				
Assets:				
Cash and cash equivalents	<u>\$ 2,250,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,250,000</u>
Liabilities:				
Amounts held for clients/others	<u>\$ 2,250,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,250,000</u>
Total - All Agency Funds				
Assets:				
Cash and cash equivalents	\$ 3,489,748	\$ 1,743,958	\$ 1,847,128	\$ 3,386,578
Cash in custody of others	136,825	205,817	222,659	119,983
Accounts receivable	35	2,800	35	2,800
Due from other funds	<u>9,867</u>	<u>-</u>	<u>9,867</u>	<u>-</u>
Total assets	<u>3,636,475</u>	<u>1,952,575</u>	<u>2,079,689</u>	<u>3,509,361</u>
Liabilities:				
Accrued liabilities	7,454	8,581	7,454	8,581
Amounts held for clients/others	<u>3,629,021</u>	<u>1,943,994</u>	<u>2,072,235</u>	<u>3,500,780</u>
Total liabilities	<u>\$ 3,636,475</u>	<u>\$ 1,952,575</u>	<u>\$ 2,079,689</u>	<u>\$ 3,509,361</u>



COMPONENT UNIT – SCHOOL BOARD

The School Board is responsible for the elementary and secondary education in the County. The County provides significant funding for school operating and capital needs through the School Board Governmental Funds.

The *School General Fund* is used to account for and report financial resources to operate, maintain, and support the School Board programs. Its primary sources of revenues are state and federal aid and contributions from the County's General Fund.

The *School Asset Replacement Fund* is used to account for and report financial resources for major maintenance and systems replacement, renovations and major asset replacements for the schools.

The *School Textbook Fund* is used to account for and report financial resources for the purchase of student textbooks supported by state revenue and transfers from the School General Fund.

The *School Nutrition Fund* is used to account for and report financial resources for the provision of student and adult breakfasts, snacks, and lunches. Primary sources of revenues are state and federal aid and receipts from food sales.

Trust and Agency Funds account for principal and income which benefit individuals, and monies collected at the schools in connection with student athletics, clubs, various fundraising activities, and private donations.

The *Crockett Scholarship Private-Purpose Trust Fund* is a private-purpose trust fund established by a private donation. It is used to account for and report principal and income available to provide benefits for scholarships.

The *Mountain Vista Regional Governor's School Fund* is an agency fund used to account for and report funds collected from six school divisions for the purpose of operating the Mountain Vista Governor's School. The County serves as the fiscal agent for these funds.

The *School Activity Fund* is an agency fund used to account for and report funds collected at the schools in connection with student athletics, clubs, fundraising activities, and private donations.

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 30

Combining Balance Sheet
Discretely Presented Component Unit – School Board
June 30, 2019

	Governmental Funds				
	School General Fund	School Asset Replacement Fund	School Textbook Fund	School Nutrition Fund	Total Governmental Funds
Assets					
Cash and cash equivalents (1)	\$ 10,099,976	\$ 4,220,712	\$ 222,444	\$ 480,517	\$ 15,023,649
Cash and cash equivalents - restricted (1)	385,027	7,109,253	-	-	7,494,280
Accounts receivable	100,895	6,148	-	-	107,043
Inventories	-	-	-	155,831	155,831
Due from other governmental units	2,707,734	-	-	-	2,707,734
Total assets and deferred outflows of resources	<u>13,293,632</u>	<u>11,336,113</u>	<u>222,444</u>	<u>636,348</u>	<u>25,488,537</u>
Liabilities					
Accounts payable	740,250	1,477,433	-	5,083	2,222,766
Accrued liabilities	11,738,123	-	-	233,269	11,971,392
Retainage payable	-	259,912	-	-	259,912
Unearned revenue	385,027	-	-	97,399	482,426
Total liabilities and deferred inflows of resources	<u>12,863,400</u>	<u>1,737,345</u>	<u>-</u>	<u>335,751</u>	<u>14,936,496</u>
Fund balances					
Nonspendable	-	-	-	155,831	155,831
Assigned	430,232	9,598,768	222,444	144,766	10,396,210
Total fund balances	<u>430,232</u>	<u>9,598,768</u>	<u>222,444</u>	<u>300,597</u>	<u>10,552,041</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 13,293,632</u>	<u>\$ 11,336,113</u>	<u>\$ 222,444</u>	<u>\$ 636,348</u>	<u>\$ 25,488,537</u>

(1) Cash and cash equivalents on deposit with County of Fauquier, Virginia.

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 31

Reconciliation of the Balance Sheet of the Governmental Funds
to the Statement of Net Position
Discretely Presented Component Unit – School Board
June 30, 2019

Total fund balances - discretely presented component unit - School Board	\$	10,552,041
Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:		
Noncurrent assets and deferred outflows of resources are not current financial resources and therefore not reported in the governmental funds.		
Capital assets used in governmental activities	170,634,495	
Net pension asset	1,854,624	
Items related to measurement of the net pension liability	1,380,154	
Items related to measurement of the net OPEB liability	327,928	
Contributions to pension plans	11,889,746	
Contributions to OPEB plans	<u>1,341,720</u>	187,428,667
Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due.		
		(126,074)
Long-term liabilities and deferred inflows of resources are not due and payable in the current year and therefore not reported as such in the governmental funds.		
Compensated absences	(4,174,982)	
Capital leases	(10,672,434)	
Net pension liability	(106,175,000)	
Net OPEB liability	(21,175,905)	
Deferred inflows of resources related to pensions	(16,460,432)	
Deferred inflows of resources related to OPEB	<u>(3,956,082)</u>	(162,614,835)
Net position of governmental activities	\$	<u>35,239,799</u>

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 32

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Discretely Presented Component Unit – School Board
Fiscal Year Ended June 30, 2019

	Governmental Funds				
	School General Fund	School Asset Replacement Fund	School Textbook Fund	School Nutrition Fund	Total Governmental Funds
Revenues					
Revenue from use of money and property	\$ -	\$ 60,505	\$ -	\$ 6,239	\$ 66,744
Charges for services	567,210	-	-	2,671,278	3,238,488
Gifts and donations	73,826	49,398	-	-	123,224
Recovered costs	17,777	45,053	-	-	62,830
Miscellaneous revenue	1,429,637	52,025	4,663	195,896	1,682,221
Intergovernmental:					
Contribution from primary government	89,175,464	712,505	-	-	89,887,969
Commonwealth of Virginia	46,334,266	16,000	428,289	83,446	46,862,001
Federal Government	4,268,932	-	-	2,255,330	6,524,262
Total revenues	141,867,112	935,486	432,952	5,212,189	148,447,739
Expenditures					
Current operating:					
Education	138,198,825	8,450,000	1,568,143	5,441,076	153,658,044
Total expenditures	138,198,825	8,450,000	1,568,143	5,441,076	153,658,044
Excess (deficiency) of revenues over (under) expenditures	3,668,287	(7,514,514)	(1,135,191)	(228,887)	(5,210,305)
Other financing sources (uses)					
Transfers in	5,000	3,223,535	267,308	240,973	3,736,816
Transfers (out)	(3,731,816)	(5,000)	-	-	(3,736,816)
Issuance of debt	-	10,672,434	-	-	10,672,434
Total other financing sources (uses)	(3,726,816)	13,890,969	267,308	240,973	10,672,434
Net change in fund balances/(deficits)	(58,529)	6,376,455	(867,883)	12,086	5,462,129
Fund balances - beginning	488,761	3,222,313	1,090,327	288,511	5,089,912
Fund balances - ending	\$ 430,232	\$ 9,598,768	\$ 222,444	\$ 300,597	\$ 10,552,041

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of the Governmental Funds to the Statement of Activities**
Discretely Presented Component Unit – School Board
Fiscal Year Ended June 30, 2019

Net change in fund balances - discretely presented component unit - School Board **\$ 5,462,129**

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

The primary government donates school board capital assets constructed in the primary government's capital improvement fund. Donations of capital assets increase net position in the Statement of Activities, but do not appear in the governmental funds because they are not financial resources.

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

Less prior year's prepaid items	(62,787)	(62,787)
---------------------------------	----------	----------

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

Capital outlays	7,264,443	
Depreciation	(7,890,345)	(625,902)

Governmental funds report only proceeds from the sale of capital assets. However, in the Statement of Activities, gains or losses resulting from the sale or disposal of capital assets is reported. This amount reflects the gain/(loss) related to the disposal of capital assets.

(27,410)

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

Less debt proceeds		(10,672,434)
--------------------	--	--------------

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. This amount reflects the change in compensated absences in the current year.

Less current year's compensated absences	(4,174,982)	
Add prior year's compensated absences	4,977,880	
Less current year's accrued interest payable	(126,074)	
Add current year's net pension asset	1,854,624	
Less prior year's net pension asset	(1,824,435)	
Add current year's deferred outflow related to pensions	1,380,154	
Less prior year's deferred outflow related to pensions	(1,668,540)	
Less current year's net pension liability	(106,175,000)	
Add prior year's net pension liability	113,561,000	
Less current year's deferred inflow related to pensions	(16,460,432)	
Add prior year's deferred inflow related to pensions	16,459,728	
Less current year's net OPEB liability	(21,175,905)	
Add prior year's net OPEB liability	22,593,132	
Add current year's deferred outflow related to OPEB	327,928	
Less prior year's deferred outflow related to OPEB	(15,000)	
Less current year's deferred inflow related to OPEB	(3,956,082)	
Add prior year's deferred inflow related to OPEB	2,772,177	8,350,173

Governmental funds report current year contributions to pension and OPEB plans as expenditures. However, in the Statement of Activities, current year contributions are reported as deferred outflow of resources.

Add current year pension contributions	11,889,746	
Less prior year pension contributions	(12,047,030)	
Add current year OPEB contributions	1,341,720	
Less prior year OPEB contributions	(1,316,404)	(131,968)

Change in net position of governmental activities **\$ 2,291,801**

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 34

Page 1 of 4

Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
Discretely Presented Component Unit – School Board
Fiscal Year Ended June 30, 2019

	School General Fund			
	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Revenues				
Charges for services	\$ 512,000	\$ 512,206	\$ 567,210	\$ 55,004
Gifts and donations	8,000	63,771	73,826	10,055
Recovered costs	500	500	17,777	17,277
Miscellaneous revenue	1,250,000	1,750,922	1,429,637	(321,285)
Intergovernmental:				
Contribution from primary government	89,309,351	90,903,740	89,175,464	(1,728,276)
Commonwealth of Virginia	45,790,020	46,806,895	46,334,266	(472,629)
Federal Government	3,901,474	5,376,803	4,268,932	(1,107,871)
Total revenues	140,771,345	145,414,837	141,867,112	(3,547,725)
Expenditures				
Current operating:				
Education:				
Instruction	106,571,916	108,377,078	105,812,215	2,564,863
Administration, attendance, and health	6,786,073	7,431,294	6,991,557	439,737
Public transportation services	9,468,000	9,586,619	9,579,957	6,662
Operation and maintenance services	10,720,712	11,172,186	11,172,186	-
Technology	4,695,737	5,465,927	4,642,910	823,017
Total education	138,242,438	142,033,104	138,198,825	3,834,279
Total expenditures	138,242,438	142,033,104	138,198,825	3,834,279
Excess (deficiency) of revenues over (under) expenditures	2,528,907	3,381,733	3,668,287	286,554
Other financing sources (uses)				
Transfers in	-	141,069	5,000	(136,069)
Transfers (out)	(2,528,907)	(3,588,873)	(3,731,816)	(142,943)
Total other financing sources (uses)	(2,528,907)	(3,447,804)	(3,726,816)	(279,012)
Net change in fund balances/(deficits)	-	(66,071)	(58,529)	7,542
Fund balances - beginning	488,761	488,761	488,761	-
Fund balances - ending	\$ 488,761	\$ 422,690	\$ 430,232	\$ 7,542

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 34

Page 2 of 4

Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
Discretely Presented Component Unit – School Board
Fiscal Year Ended June 30, 2019

	School Asset Replacement Fund			
	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Revenues				
Revenue from use of money and property	\$ -	\$ -	\$ 60,505	\$ 60,505
Gifts and donations	-	59,398	49,398	(10,000)
Recovered costs	40,000	44,498	45,053	555
Miscellaneous revenue	1,446,717	279,535	52,025	(227,510)
Intergovernmental:				
Contribution from primary government	800,000	735,621	712,505	(23,116)
Commonwealth of Virginia	-	16,000	16,000	-
Total revenues	2,286,717	1,135,052	935,486	(199,566)
Expenditures				
Current operating:				
Education:				
Instruction	-	250,987	52,965	198,022
Public transportation services	835,000	1,656,363	1,284,179	372,184
Operation and maintenance services	2,088,569	4,650,560	1,232,663	3,417,897
School food services	-	80,670	75,958	4,712
Technology	40,000	632,785	565,978	66,807
District-wide	1,486,717	10,976,969	5,238,257	5,738,712
Total education	4,450,286	18,248,334	8,450,000	9,798,334
Total expenditures	4,450,286	18,248,334	8,450,000	9,798,334
Excess (deficiency) of revenues over (under) expenditures	(2,163,569)	(17,113,282)	(7,514,514)	9,598,768
Other financing sources (uses)				
Transfers in	2,163,569	3,223,535	3,223,535	-
Transfers (out)	-	(5,000)	(5,000)	-
Issuance of debt	-	10,672,434	10,672,434	-
Total other financing sources (uses)	2,163,569	13,890,969	13,890,969	-
Net change in fund balances/(deficits)	-	(3,222,313)	6,376,455	9,598,768
Fund balances - beginning	3,222,313	3,222,313	3,222,313	-
Fund balances - ending	\$ 3,222,313	\$ -	\$ 9,598,768	\$ 9,598,768

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 34
Page 3 of 4

Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
Discretely Presented Component Unit – School Board
Fiscal Year Ended June 30, 2019

	School Textbook Fund			
	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Revenues				
Miscellaneous revenue	\$ -	\$ -	\$ 4,663	\$ 4,663
Intergovernmental:				
Commonwealth of Virginia	433,598	433,598	428,289	(5,309)
Total revenues	433,598	433,598	432,952	(646)
Expenditures				
Current operating:				
Education:				
Instruction	1,115,796	2,206,123	1,568,143	637,980
Total education	1,115,796	2,206,123	1,568,143	637,980
Total expenditures	1,115,796	2,206,123	1,568,143	637,980
Excess (deficiency) of revenues over (under) expenditures	(682,198)	(1,772,525)	(1,135,191)	637,334
Other financing sources (uses)				
Transfers in	267,308	267,308	267,308	-
Total other financing sources (uses)	267,308	267,308	267,308	-
Net change in fund balances/(deficits)	(414,890)	(1,505,217)	(867,883)	637,334
Fund balances - beginning	1,090,327	1,090,327	1,090,327	-
Fund balances/(deficits) - ending	\$ 675,437	\$ (414,890)	\$ 222,444	\$ 637,334

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 34
Page 4 of 4

Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
Discretely Presented Component Unit – School Board
Fiscal Year Ended June 30, 2019

	School Nutrition Fund			
	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Revenues				
Revenue from use of money and property	\$ 2,400	\$ 2,400	\$ 6,239	\$ 3,839
Charges for services	2,863,107	2,863,107	2,671,278	(191,829)
Miscellaneous revenue	296,970	245,000	195,896	(49,104)
Intergovernmental:				
Commonwealth of Virginia	85,518	85,518	83,446	(2,072)
Federal Government	2,299,800	2,299,800	2,255,330	(44,470)
Total revenues	5,547,795	5,495,825	5,212,189	(283,636)
Expenditures				
Current operating:				
Education:				
School food services	5,645,825	5,593,855	5,441,076	152,779
Total education	5,645,825	5,593,855	5,441,076	152,779
Total expenditures	5,645,825	5,593,855	5,441,076	152,779
Excess (deficiency) of revenues over (under) expenditures	(98,030)	(98,030)	(228,887)	(130,857)
Other financing sources (uses)				
Transfers in	98,030	98,030	240,973	142,943
Total other financing sources (uses)	98,030	98,030	240,973	142,943
Net change in fund balances	-	-	12,086	12,086
Fund balances - beginning	288,511	288,511	288,511	-
Fund balances - ending	\$ 288,511	\$ 288,511	\$ 300,597	\$ 12,086

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 35

**Statement of Fiduciary Net Position
Discretely Presented Component Unit – School Board
June 30, 2019**

	<u>Trust Fund</u> <u>Crockett Scholarship</u> <u>Private-Purpose</u> <u>Trust Fund</u>	<u>Agency</u> <u>Funds</u>
Assets		
Cash and cash equivalents	\$ 434,526	\$ 373,413
Cash in custody of others	-	1,542,845
Due from other governmental units	-	23,325
Land	420,000	-
	<u>854,526</u>	<u>1,939,583</u>
Total assets and deferred outflows of resources		
	<u>854,526</u>	<u>1,939,583</u>
Liabilities		
Accounts payable	-	4,506
Accrued liabilities	-	134,388
Amounts held for clients/others	-	1,800,689
	<u>-</u>	<u>1,939,583</u>
Total liabilities and deferred inflows of resources		
	<u>-</u>	<u>\$ 1,939,583</u>
Net position		
Held in trust for scholarships	854,526	
Total net position	<u>854,526</u>	
Total liabilities, deferred inflows of resources, and net position	\$ <u>854,526</u>	

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 36

**Statement of Changes in Fiduciary Net Position
Discretely Presented Component Unit – School Board
Fiscal Year Ended June 30, 2019**

	Crockett Scholarship Private-Purpose Trust Fund
Additions	
Investment income	\$ 20,678
Total additions	20,678
Deductions	
Administrative fees	2,515
Total deductions	2,515
Change in net position	18,163
Net position - beginning	836,363
Net position - ending	\$ 854,526

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 37

**Combining Statement of Fiduciary Assets and Liabilities
Discretely Presented Component Unit – School Board
Agency Funds
June 30, 2019**

	Agency Funds		
	Mountain Vista Regional Governor's School Fund	School Activity Fund	Total
Assets			
Cash and cash equivalents	\$ 373,413	\$ -	\$ 373,413
Cash in custody of others	-	1,542,845	1,542,845
Due from other governmental units	23,325	-	23,325
Total assets	<u>396,738</u>	<u>1,542,845</u>	<u>1,939,583</u>
Liabilities			
Accounts payable	4,506	-	4,506
Accrued liabilities	134,388	-	134,388
Amounts held for clients/others	257,844	1,542,845	1,800,689
Total liabilities	<u>\$ 396,738</u>	<u>\$ 1,542,845</u>	<u>\$ 1,939,583</u>

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 38

**Combining Statement of Changes in Fiduciary Assets and Liabilities
Discretely Presented Component Unit – School Board
Agency Funds
Fiscal Year Ended June 30, 2019**

	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2019</u>
Mountain Vista Regional Governor's School Fund				
Assets:				
Cash and cash equivalents	\$ 398,498	\$ 1,499,214	\$ 1,524,299	\$ 373,413
Due from other governmental units	<u>8,017</u>	<u>23,325</u>	<u>8,017</u>	<u>23,325</u>
Total assets	<u>406,515</u>	<u>1,522,539</u>	<u>1,532,316</u>	<u>396,738</u>
Liabilities:				
Accounts payable	17,554	4,506	17,554	4,506
Accrued liabilities	129,241	134,388	129,241	134,388
Amounts held for clients/others	<u>259,720</u>	<u>1,383,645</u>	<u>1,385,521</u>	<u>257,844</u>
Total liabilities	<u>\$ 406,515</u>	<u>\$ 1,522,539</u>	<u>\$ 1,532,316</u>	<u>\$ 396,738</u>
School Activity Fund				
Assets:				
Cash in custody of others	<u>\$ 1,690,159</u>	<u>\$ 3,816,424</u>	<u>\$ 3,963,738</u>	<u>\$ 1,542,845</u>
Liabilities:				
Amounts held for clients/others	<u>\$ 1,690,159</u>	<u>\$ 3,816,424</u>	<u>\$ 3,963,738</u>	<u>\$ 1,542,845</u>
Total - All Agency Funds				
Assets:				
Cash and cash equivalents	\$ 398,498	\$ 1,499,214	\$ 1,524,299	\$ 373,413
Cash in custody of others	1,690,159	3,816,424	3,963,738	1,542,845
Due from other governmental units	<u>8,017</u>	<u>23,325</u>	<u>8,017</u>	<u>23,325</u>
Total assets	<u>2,096,674</u>	<u>5,338,963</u>	<u>5,496,054</u>	<u>1,939,583</u>
Liabilities:				
Accounts payable	17,554	4,506	17,554	4,506
Accrued liabilities	129,241	134,388	129,241	134,388
Amounts held for clients/others	<u>1,949,879</u>	<u>5,200,069</u>	<u>5,349,259</u>	<u>1,800,689</u>
Total liabilities	<u>\$ 2,096,674</u>	<u>\$ 5,338,963</u>	<u>\$ 5,496,054</u>	<u>\$ 1,939,583</u>



STATISTICAL SECTION

This section of the County's CAFR presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information express about the County's overall financial health. This information has not been audited by the independent auditor.

Financial Trends - These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.

Table 1	Net Position by Component
Table 2	Changes in Net Position
Table 3	Fund Balances – Governmental Funds
Table 4	Changes in Fund Balances – Governmental Funds

Revenue Capacity - These schedules contain information to help the reader assess the County's significant local revenue sources, the property tax, as well as other revenue sources.

Table 5-A	Assessed Value and Estimated Actual Value of Taxable Property
Table 5-B	Tax Relief for the Elderly
Table 6	Property Tax Rates for Both Direct and Overlapping Governments
Table 7-A	Principal Real Property Taxpayers
Table 7-B	Principal Personal Property Taxpayers
Table 8	Property Tax Levies and Collections

Debt Capacity - These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt, and the County's ability to issue additional debt in the future.

Table 9	Ratios of Outstanding Debt by Type
Table 10	Ratios of General Bonded Debt Outstanding
Table 11	County Policy Debt Margin

Economic and Demographic Information - These schedules offer economic and demographic indicators to help the reader understand the environment within which the County's financial activities take place.

Table 12	Demographic and Economic Statistics
Table 13	Principal Employers

Operating Information - These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.

Table 14	County Government Employees by Function
Table 15	Operating Indicators by Function
Table 16	Capital Asset Statistics by Function

Sources: Unless otherwise noted, the information in this section is derived from the County's comprehensive annual financial reports for the relevant year.

Table 1

Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

Page 1 of 2

	Fiscal Year				
	2010	2011	2012	2013	2014
Governmental Activities:					
Net investment in capital assets	\$ 69,217,950	\$ 68,772,203	\$ 68,510,734	\$ 67,043,310	\$ 67,186,543
Restricted	1,917,704	3,553,440	4,206,094	2,405,814	6,078,884
Unrestricted (deficit)	(66,693,564)	(63,253,517)	(67,970,939)	(75,750,205)	(79,527,398)
Subtotal governmental activities net position	4,442,090	9,072,126	4,745,889	(6,301,081)	(6,261,971)
Business-type Activities:					
Net investment in capital assets	27,154,708	25,321,853	23,396,142	21,784,510	20,424,303
Restricted	-	-	-	2,584,793	1,855,575
Unrestricted (deficit)	(10,188,958)	(10,171,508)	(10,935,912)	(15,182,972)	(15,102,238)
Subtotal business-type activities net position	16,965,750	15,150,345	12,460,230	9,186,331	7,177,640
Primary Government:					
Net investment in capital assets	96,372,658	94,094,056	91,906,876	88,827,820	87,610,846
Restricted	1,917,704	3,553,440	4,206,094	4,990,607	7,934,459
Unrestricted (deficit)	(76,882,522)	(73,425,025)	(78,906,851)	(90,933,177)	(94,629,636)
Total Primary Government net position	21,407,840	24,222,471	17,206,119	2,885,250	915,669
Component Unit - School Board: (1)					
Net investment in capital assets	179,224,107	175,414,006	181,939,238	193,459,026	192,761,193
Restricted	-	5,000	5,000	5,000	5,000
Unrestricted (deficit)	(3,590,789)	(1,803,528)	(2,041,741)	(1,156,996)	(124,379,628)
Total Component Unit - School Board net position	175,633,318	173,615,478	179,902,497	192,307,030	68,386,565
Total Reporting Entity: (2)					
Net investment in capital assets	169,972,941	171,163,512	170,880,285	174,520,072	180,852,943
Restricted	1,917,704	3,558,440	4,211,094	4,995,607	7,939,459
Unrestricted	25,150,513	23,115,997	22,017,237	15,676,601	(119,490,168)
Total Reporting Entity net position (3)	\$ 197,041,158	\$ 197,837,949	\$ 197,108,616	\$ 195,192,280	\$ 69,302,234

(1) Component Unit - School Board net position components are included in this table due to the School Board being a significant portion of the County.

In Virginia, School Boards do not have borrowing or taxing authority; therefore, the County issues debt on behalf of the School Board to finance school facilities projects.

(2) The sum of the rows does not equal the total reporting entity rows because the debt related to the Component Unit - School Board is reflected in the Primary Government's net position row reducing unrestricted net position. The assets are reflected in the Component Unit - School Board row as net investment in capital assets. The total reporting entity row matches the asset with the debt and reports the net amount on the net investment in capital assets line.

(3) Total reporting entity net position reflects the implementation of GASB Statement No. 68 for FY2014 - FY2019 and the implementation of GASB Statement 75 for FY2017-FY2019.

Fiscal Year					
2015	2016	2017	2018	2019	
\$ 66,912,078	\$ 66,424,250	\$ 67,897,791	\$ 58,593,548	\$ 58,805,643	Governmental Activities:
5,964,927	7,776,690	9,591,829	10,016,685	7,634,090	Net investment in capital assets
(67,694,758)	(51,817,116)	(44,964,783)	(18,486,444)	2,051,825	Restricted
					Unrestricted (deficit)
5,182,247	22,383,824	32,524,837	50,123,789	68,491,558	Subtotal governmental activities net position
					Business-type Activities:
19,381,379	19,399,111	21,932,278	24,454,010	29,829,023	Net investment in capital assets
-	-	-	1,158,020	826,278	Restricted
(14,944,300)	(18,421,156)	(21,422,557)	(22,073,054)	(26,416,023)	Unrestricted (deficit)
4,437,079	977,955	509,721	3,538,976	4,239,278	Subtotal business-type activities net position
					Primary Government:
86,293,457	85,823,361	89,830,069	83,047,558	88,634,666	Net investment in capital assets
5,964,927	7,776,690	9,591,829	11,174,705	8,460,368	Restricted
(82,639,058)	(70,238,272)	(66,387,340)	(40,559,498)	(24,364,198)	Unrestricted (deficit)
9,619,326	23,361,779	33,034,558	53,662,765	72,730,836	Total Primary Government net position
					Component Unit - School Board: (1)
188,842,434	183,364,033	177,466,992	171,287,807	167,071,314	Net investment in capital assets
500	73,567	267,564	421,340	-	Restricted
(122,774,417)	(119,400,706)	(144,988,427)	(138,761,149)	(131,831,515)	Unrestricted (deficit)
66,068,517	64,036,894	32,746,129	32,947,998	35,239,799	Total Component Unit - School Board net position
					Total Reporting Entity: (2)
183,877,351	184,775,961	267,297,061	254,335,365	193,065,462	Net investment in capital assets
5,969,927	7,850,257	9,859,393	11,596,045	8,460,368	Restricted
(114,154,935)	(105,227,545)	(211,375,767)	(179,320,647)	(93,555,195)	Unrestricted
\$ 75,692,343	\$ 87,398,673	\$ 65,780,687	\$ 86,610,763	\$ 107,970,635	Total Reporting Entity net position (3)

Table 2

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

Page 1 of 4

	Fiscal Year				
	2010	2011	2012	2013	2014
Primary Government:					
Expenses					
Governmental activities:					
General government administration	\$ 10,354,069	\$ 10,086,678	\$ 11,751,449	\$ 12,180,275	\$ 11,821,952
Judicial administration	3,278,333	3,116,374	2,866,625	3,841,643	3,455,862
Public safety	25,479,386	31,188,024	26,328,003	28,929,500	28,306,613
Public works	8,033,038	7,393,258	8,876,778	10,222,875	8,118,419
Health and welfare	10,265,321	9,851,616	10,158,861	9,739,043	10,908,372
Education	81,066,767	79,585,044	90,087,245	93,650,633	80,837,759
Parks, recreation, and cultural	5,917,529	6,640,464	6,275,016	6,601,379	6,342,901
Community development	11,342,060	7,718,297	6,317,724	5,998,815	5,836,086
Interest on long-term debt	5,313,430	5,014,483	4,696,550	4,657,567	4,271,495
Total governmental activities expenses	<u>161,049,933</u>	<u>160,594,238</u>	<u>167,358,251</u>	<u>175,821,730</u>	<u>159,899,459</u>
Business-type activities:					
Airport	2,083,529	1,896,775	2,275,363	2,450,840	1,979,636
Landfill and recycling	5,185,773	4,867,277	5,337,583	6,138,446	6,170,182
Total business-type activities expenses	<u>7,269,302</u>	<u>6,764,052</u>	<u>7,612,946</u>	<u>8,589,286</u>	<u>8,149,818</u>
Total primary government expenses	<u>168,319,235</u>	<u>167,358,290</u>	<u>174,971,197</u>	<u>184,411,016</u>	<u>168,049,277</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government administration	46,548	41,633	60,664	508,129	87,779
Judicial administration	636,265	643,119	609,319	788,467	703,704
Public safety	1,198,178	1,155,945	1,786,469	1,650,787	1,366,598
Health and welfare	-	-	-	-	-
Parks, recreation, and cultural	460,562	466,979	549,697	551,243	547,585
Community development	932,809	858,848	845,823	1,042,011	1,341,645
Other activities	38,393	-	-	-	-
Operating grants and contributions	16,108,365	13,447,591	13,033,159	13,199,292	13,969,611
Capital grants and contributions	668,544	216,072	9,594	672	3,783,195
Total governmental activities program revenues	<u>20,089,664</u>	<u>16,830,187</u>	<u>16,894,725</u>	<u>17,740,601</u>	<u>21,800,117</u>
Business type activities:					
Charges for services:					
Airport	666,582	722,674	763,085	737,208	752,750
Landfill and recycling	4,660,868	4,183,540	4,101,680	4,056,293	4,191,457
Operating grants and contributions	246,768	58,145	37,052	482,326	91,673
Capital grants and contributions	25,388	210,410	41,572	-	-
Total business-type activities program revenues	<u>5,599,606</u>	<u>5,174,769</u>	<u>4,943,389</u>	<u>5,275,827</u>	<u>5,035,880</u>
Total primary government program revenues	<u>25,689,270</u>	<u>22,004,956</u>	<u>21,838,114</u>	<u>23,016,428</u>	<u>26,835,997</u>
Net (expense) revenue (1)					
Governmental activities	(140,960,269)	(143,764,051)	(150,463,526)	(158,081,129)	(138,099,342)
Business-type activities	<u>(1,669,696)</u>	<u>(1,589,283)</u>	<u>(2,669,557)</u>	<u>(3,313,459)</u>	<u>(3,113,938)</u>
Total primary government net (expense) revenue	<u>\$ (142,629,965)</u>	<u>\$ (145,353,334)</u>	<u>\$ (153,133,083)</u>	<u>\$ (161,394,588)</u>	<u>\$ (141,213,280)</u>

(1) Net (expense) revenue is the difference between the expenses and program revenues. It indicates the degree to which a function or program is supported with its own fees and program-specific grants versus its reliance upon funding from taxes and other general revenues. A number in parentheses is net expenses indicating that expenses were greater than program revenues and therefore general revenues were needed to finance that function or program. Numbers without parentheses are net revenues, meaning that program revenues were more than sufficient to cover expenses.

(2) Total reporting entity net position reflects the implementation of GASB Statement No. 68 for FY2014 - FY2019 and the implementation of GASB Statement 75 for FY2017-FY2019.

(3) Component unit - School Board change in net position is included in this table due to the School Board being a significant portion of the County.

Fiscal Year						
2015	2016	2017	2018	2019		
						Primary Government:
						Expenses
						Governmental activities:
\$ 12,413,433	\$ 13,319,869	\$ 14,182,276	\$ 14,266,200	\$ 12,828,508		General government administration
3,821,911	3,952,902	3,706,073	4,213,354	4,054,177		Judicial administration
30,694,266	31,471,801	32,780,969	38,993,075	51,080,252		Public safety
8,270,407	10,220,949	9,683,958	9,379,721	10,028,420		Public works
12,452,676	12,675,215	11,609,435	12,206,022	13,585,126		Health and welfare
81,999,731	82,056,536	83,246,562	85,029,264	90,255,631		Education
6,302,270	6,870,409	7,014,668	7,490,761	6,821,358		Parks, recreation, and cultural
5,947,344	5,811,825	14,187,875	10,307,487	7,808,917		Community development
2,741,174	3,671,366	3,081,185	3,083,112	3,334,515		Interest on long-term debt
164,643,212	170,050,872	179,493,001	184,968,996	199,796,904		Total governmental activities expenses
						Business-type activities:
2,023,113	1,393,026	992,199	1,186,888	958,674		Airport
5,990,480	6,930,685	6,864,500	7,692,836	9,683,753		Landfill and recycling
8,013,593	8,323,711	7,856,699	8,879,724	10,642,427		Total business-type activities expenses
172,656,805	178,374,583	187,349,700	193,848,720	210,439,331		Total primary government expenses
						Program Revenues
						Governmental activities:
						Charges for services:
84,459	133,838	107,015	119,312	95,035		General government administration
649,606	629,947	590,279	812,773	720,768		Judicial administration
1,251,234	1,664,088	1,750,616	2,083,619	1,515,100		Public safety
-	-	-	395	300		Health and welfare
598,233	620,519	603,674	623,295	606,884		Parks, recreation, and cultural
1,459,245	1,481,973	1,474,724	1,377,032	1,711,058		Community development
-	-	-	-	-		Other activities
13,831,352	15,246,647	20,425,296	22,700,129	23,205,957		Operating grants and contributions
185,290	2,546,055	50,605	653,945	3,714,438		Capital grants and contributions
18,059,419	22,323,067	25,002,209	28,370,500	31,569,540		Total governmental activities program revenues
						Business type activities:
						Charges for services:
685,894	639,442	734,301	681,749	698,639		Airport
3,614,670	3,357,317	3,667,478	3,933,980	3,592,926		Landfill and recycling
136,594	53,611	337,563	79,775	43,383		Operating grants and contributions
-	1,298,432	1,671,627	4,056,833	5,005,543		Capital grants and contributions
4,437,158	5,348,802	6,410,969	8,752,337	9,340,491		Total business-type activities program revenues
22,496,577	27,671,869	31,413,178	37,122,837	40,910,031		Total primary government program revenues
						Net (expense) revenue (1)
(146,583,793)	(147,727,805)	(154,490,792)	(156,598,496)	(168,227,364)		Governmental activities
(3,576,435)	(2,974,909)	(1,445,730)	(127,387)	(1,301,936)		Business-type activities
\$ (150,160,228)	\$ (150,702,714)	\$ (155,936,522)	\$ (156,725,883)	\$ (169,529,300)		Total primary government net (expense) revenue

Table 2

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

Page 3 of 4

	Fiscal Year				
	2010	2011	2012	2013	2014
Primary Government: (continued)					
General Revenues and Other Changes in Net Position					
Governmental activities:					
Taxes:					
General property taxes	\$ 114,586,709	\$ 111,630,849	\$ 114,342,089	\$ 115,379,407	\$ 120,882,416
Local sales and use taxes	5,887,347	6,298,377	6,637,371	7,151,477	7,558,981
Consumers' utility taxes	1,513,680	1,617,137	1,557,435	1,576,645	1,650,054
Business and professional taxes	1,460,805	1,433,739	1,185,466	1,381,176	1,436,850
Motor vehicle taxes	1,738,233	1,772,081	1,773,850	1,786,005	1,826,612
Taxes on recordation and wills	1,152,451	1,146,468	1,319,617	1,576,702	1,656,673
Other local taxes	202,935	177,595	211,306	210,656	198,096
Investment income	561,508	526,240	440,373	312,455	348,189
Miscellaneous	177,939	1,062,845	2,077,845	882,876	977,300
Grants and contributions not restricted to specific programs	16,893,482	16,765,178	16,665,118	16,819,694	17,555,313
Transfers	(38,005)	228,382	(73,181)	(42,934)	(1,459,775)
Total governmental activities general revenues and other changes in net position	<u>144,137,084</u>	<u>142,658,891</u>	<u>146,137,289</u>	<u>147,034,159</u>	<u>152,630,709</u>
Business-type activities:					
Investment income (loss)	1,045	2,260	(94,239)	7,710	50,683
Miscellaneous	-	-	500	(11,084)	-
Transfers	38,005	(228,382)	73,181	42,934	1,459,775
Total business-type activities general revenues and other changes in net position	<u>39,050</u>	<u>(226,122)</u>	<u>(20,558)</u>	<u>39,560</u>	<u>1,510,458</u>
Total primary government general revenues and other changes in net position	<u>144,176,134</u>	<u>142,432,769</u>	<u>146,116,731</u>	<u>147,073,719</u>	<u>154,141,167</u>
Change in Net Position (2)					
Governmental activities	3,176,815	(1,105,160)	(4,326,237)	(11,046,970)	14,531,367
Business-type activities	(1,630,646)	(1,815,405)	(2,690,115)	(3,273,899)	(1,603,480)
Total Primary Government change in net position	<u>1,546,169</u>	<u>(2,920,565)</u>	<u>(7,016,352)</u>	<u>(14,320,869)</u>	<u>12,927,887</u>
Component Unit - School Board (3)					
Expenses					
Education	<u>131,500,463</u>	<u>130,736,865</u>	<u>129,377,130</u>	<u>134,714,730</u>	<u>127,821,631</u>
Program Revenues					
Charges for services	3,155,966	3,256,125	3,649,906	3,308,029	3,204,445
Operating grants and contributions	<u>13,036,391</u>	<u>15,684,062</u>	<u>13,609,856</u>	<u>16,425,197</u>	<u>16,929,078</u>
Total component unit - School Board program revenues	<u>16,192,357</u>	<u>18,940,187</u>	<u>17,259,762</u>	<u>19,733,226</u>	<u>20,133,523</u>
Net (expense) revenue (1)	<u>(115,308,106)</u>	<u>(111,796,678)</u>	<u>(112,117,368)</u>	<u>(114,981,504)</u>	<u>(107,688,108)</u>
General Revenues and Other Changes in Net Position					
Contribution from primary government	81,953,666	78,601,103	87,973,557	92,996,302	81,889,891
Investment income	1,321	499	160	96	94
Miscellaneous	445,596	328,778	225,962	341,789	321,631
Grants and contributions not restricted to specific programs	<u>29,257,550</u>	<u>30,848,458</u>	<u>30,204,708</u>	<u>34,047,850</u>	<u>33,940,698</u>
Total component unit - School Board general revenues and other changes in net position	<u>111,658,133</u>	<u>109,778,838</u>	<u>118,404,387</u>	<u>127,386,037</u>	<u>116,152,314</u>
Total Component Unit - School Board change in net position	<u>\$ (3,649,973)</u>	<u>\$ (2,017,840)</u>	<u>\$ 6,287,019</u>	<u>\$ 12,404,533</u>	<u>\$ 8,464,206</u>

(1) Net (expense) revenue is the difference between the expenses and program revenues. It indicates the degree to which a function or program is supported with its own fees and program-specific grants versus its reliance upon funding from taxes and other general revenues. A number in parentheses is net expenses indicating that expenses were greater than program revenues and therefore general revenues were needed to finance that function or program. Numbers without parentheses are net revenues, meaning that program revenues were more than sufficient to cover expenses.

(2) Total reporting entity net position reflects the implementation of GASB Statement No. 68 for FY2014 - FY2019 and the implementation of GASB Statement 75 for FY2017-FY2019.

(3) Component unit - School Board change in net position is included in this table due to the School Board being a significant portion of the County.

Fiscal Year					
2015	2016	2017	2018	2019	
					Primary Government: (continued)
					General Revenues and Other Changes in Net Position
					Governmental activities:
					Taxes:
\$	\$	\$	\$	\$	General property taxes
125,741	130,409,532	136,643,418	142,406,712	152,069,874	Local sales and use taxes
8,024,703	8,305,286	9,241,227	9,057,564	9,571,159	Consumers' utility taxes
1,658,205	1,631,861	1,608,950	1,813,473	1,742,954	Business and professional taxes
1,353,040	1,444,902	1,632,643	1,564,338	1,760,438	Motor vehicle taxes
1,870,836	1,911,876	1,957,392	1,984,960	2,018,892	Taxes on recordation and wills
1,514,756	1,720,164	1,731,125	1,789,913	1,746,669	Other local taxes
259,151	235,719	260,204	296,329	309,902	Investment income
301,739	408,673	600,847	1,096,000	2,018,074	Miscellaneous
389,682	481,040	156,345	138,972	235,204	Grants and contributions not restricted to specific programs
17,705,302	17,867,956	17,284,375	16,923,612	17,067,268	Transfers
(790,828)	512,373	(1,155,862)	(2,921,267)	(1,945,301)	Total governmental activities general revenues and other changes in net position
32,412,327	164,929,382	169,960,664	174,150,606	186,595,133	
					Business-type activities:
1,057	3,524	9,247	22,460	56,523	Investment income (loss)
43,989	24,634	3,304	12,026	414	Miscellaneous
790,828	(512,373)	1,155,862	2,921,267	1,945,301	Transfers
835,874	(484,215)	1,168,413	2,955,753	2,002,238	Total business-type activities general revenues and other changes in net position
33,248,201	164,445,167	171,129,077	177,106,359	188,597,371	Total primary government general revenues and other changes in net position
					Change in Net Position (2)
(114,171,466)	17,201,577	15,469,872	17,552,110	18,367,769	Governmental activities
(2,740,561)	(3,459,124)	(277,317)	2,828,366	700,302	Business-type activities
(116,912,027)	13,742,453	15,192,555	20,380,476	19,068,071	Total Primary Government change in net position
					Component Unit - School Board (3)
					Expenses
139,471,754	139,806,883	147,319,359	143,826,993	146,093,108	Education
					Program Revenues
3,402,127	3,277,727	3,411,390	3,312,563	3,238,488	Charges for services
15,910,673	17,904,582	16,699,061	20,010,793	19,741,702	Operating grants and contributions
19,312,800	21,182,309	20,110,451	23,323,356	22,980,190	Total component unit - School Board program revenues
(120,158,954)	(118,624,574)	(127,208,908)	(120,503,637)	(123,112,918)	Net (expense) revenue (1)
					General Revenues and Other Changes in Net Position
83,276,115	82,152,277	84,355,571	85,244,161	89,887,969	Contribution from primary government
65	809	2,456	3,896	66,744	Investment income
272,457	159,900	1,076,399	1,336,262	1,682,221	Miscellaneous
34,296,769	34,275,494	33,864,072	33,443,964	33,767,785	Grants and contributions not restricted to specific programs
117,845,406	116,588,480	119,298,498	120,028,283	125,404,719	Total component unit - School Board general revenues and other changes in net position
\$ (2,313,548)	\$ (2,036,094)	\$ (7,910,410)	\$ (475,354)	\$ 2,291,801	Total Component Unit - School Board change in net position

Table 3

Fund Balances - Governmental Funds
Last Ten Fiscal Years (1)
(modified accrual basis of accounting)

Page 1 of 2

	Fiscal Year				
	2010	2011	2012	2013	2014
General Fund:					
Nonspendable	\$ 295,767	\$ 241,578	\$ 385,013	\$ 350,816	\$ 492,533
Restricted	122,116	129,861	165,050	212,918	205,588
Committed	-	1,194,682	1,234,803	1,459,328	1,458,931
Assigned	9,066,692	5,778,089	5,396,734	5,661,633	4,290,578
Unassigned	15,418,952	17,059,512	16,003,100	16,506,543	16,622,908
Total General Fund	<u>24,903,527</u>	<u>24,403,722</u>	<u>23,184,700</u>	<u>24,191,238</u>	<u>23,070,538</u>
Other Governmental Funds:					
Nonspendable					
Capital Projects Fund	823,821	761,553	704,790	642,522	580,254
Debt Service Fund	-	-	2,420,625	2,370,625	-
Fire and Rescue Fund (2)	-	-	-	-	-
Nonmajor governmental funds	111,231	95,244	150,606	187,775	201,934
Restricted					
Capital Projects Fund	1,922,611	1,732,830	15,753,189	4,503,238	4,214,963
Fire and Rescue Fund (2)	-	-	-	-	-
Nonmajor governmental funds	2,264,806	1,690,748	2,164,559	1,477,487	1,658,333
Committed					
Capital Projects Fund	397,190	9,942,526	7,716,438	4,736,630	5,248,626
Debt Service Fund	-	445,920	-	-	-
Fire and Rescue Fund (2)	-	-	-	-	-
Nonmajor governmental funds	3,546,826	4,071,351	4,022,105	4,821,958	5,434,684
Assigned					
Capital Projects Fund	12,277,096	1,773,511	-	-	-
Debt Service Fund	-	-	-	-	565,240
Nonmajor governmental funds	-	-	339,762	1,372,457	1,328,924
Unassigned					
Debt Service Fund	-	-	(1,760,874)	(2,150,688)	-
Nonmajor governmental funds	-	-	-	-	-
Total Other Governmental Funds	<u>21,343,581</u>	<u>20,513,683</u>	<u>31,511,200</u>	<u>17,962,004</u>	<u>19,232,958</u>
Total Governmental Funds	<u>\$ 46,247,108</u>	<u>\$ 44,917,405</u>	<u>\$ 54,695,900</u>	<u>\$ 42,153,242</u>	<u>\$ 42,303,496</u>

(1) The County implemented GASB 54, the new standard for fund balance reporting in FY2011. Restatement for prior year fund balances is not feasible. Therefore, ten years of information is not available, but will be accumulated over time.

(2) As of FY2015, the Fire and Rescue Fund is classified as a Major Governmental Fund.

* In FY2017, the County elected to change from the consumption method to the purchase method for accounting for inventory and prepaid items in governmental funds. FY2016 fund balance has been restated to reflect this change.

Fiscal Year					
2015	2016*	2017	2018	2019	
\$ 426,775	\$ 50,162	\$ -	\$ -	\$ -	General Fund:
210,291	337,264	314,269	219,021	183,022	Nonspendable
1,119,654	2,201,888	1,697,470	1,203,816	1,884,459	Restricted
3,383,573	4,555,618	8,486,368	10,386,767	8,936,622	Committed
17,031,448	19,150,449	19,801,927	19,085,314	21,191,160	Assigned
22,171,741	26,295,381	30,300,034	30,894,918	32,195,263	Unassigned
					Total General Fund
					Other Governmental Funds:
					Nonspendable
512,481	-	-	-	-	Capital Projects Fund
-	-	185,988	-	-	Debt Service Fund
168,138	-	-	-	-	Fire and Rescue Fund (2)
-	-	-	-	-	Nonmajor governmental funds
					Restricted
3,835,930	4,529,804	5,492,607	2,538,619	11,344,860	Capital Projects Fund
-	-	-	3,396,958	-	Fire and Rescue Fund (2)
2,098,674	3,080,914	3,977,274	5,059,087	5,799,488	Nonmajor governmental funds
					Committed
4,791,049	5,659,230	5,189,597	12,907,898	18,825,745	Capital Projects Fund
-	-	-	-	-	Debt Service Fund
4,650,941	5,549,950	5,920,085	6,707,733	6,753,601	Fire and Rescue Fund (2)
795,049	855,493	1,063,675	812,962	1,150,080	Nonmajor governmental funds
					Assigned
-	-	-	-	-	Capital Projects Fund
886,092	407,118	22,914	82,831	86,231	Debt Service Fund
994,558	1,320,288	2,681,933	-	-	Nonmajor governmental funds
					Unassigned
-	-	-	-	-	Debt Service Fund
-	(3,162)	-	-	-	Nonmajor governmental funds
18,732,912	21,399,635	24,534,073	31,506,088	43,960,005	Total Other Governmental Funds
\$ 40,904,653	\$ 47,695,016	\$ 54,834,107	\$ 62,401,006	\$ 76,155,268	Total Governmental Funds

Table 4

Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

Page 1 of 4

	Fiscal Year				
	2010	2011	2012	2013	2014
Revenues					
General property and other local taxes	\$ 126,626,266	\$ 124,880,233	\$ 126,471,138	\$ 130,570,935	\$ 135,160,010
Permits, privilege fees, and regulatory licenses	964,288	889,367	900,061	1,541,522	1,418,324
Fines and forfeitures	515,286	470,323	447,742	548,076	499,746
Revenue from use of money and property	559,890	507,677	421,223	289,678	335,394
Charges for services	2,036,829	1,993,776	2,230,281	2,468,314	2,295,264
Gifts and donations	1,187,725	177,298	210,633	167,862	221,411
Recovered costs	216,991	263,985	441,593	434,215	427,366
Miscellaneous	177,939	1,062,845	2,077,845	882,876	4,068,300
Intergovernmental:					
Commonwealth of Virginia	26,929,574	26,577,419	25,934,368	26,922,538	28,049,395
Federal Government	5,553,092	3,674,124	3,562,870	2,929,258	3,946,313
Total revenues	164,767,880	160,497,047	162,697,754	166,755,274	176,421,523
Expenditures					
Current operating:					
General government administration	10,243,734	10,546,705	11,329,498	11,678,971	12,457,887
Judicial	3,048,533	2,974,541	3,129,590	3,541,030	3,642,931
Public safety	24,416,472	23,556,090	23,087,303	26,542,674	28,645,320
Public works	7,951,825	7,202,063	8,283,553	9,706,397	7,915,339
Health and welfare	10,302,171	9,889,115	9,937,121	9,586,398	11,328,226
Education	81,245,018	78,883,664	88,033,156	93,017,474	82,208,303
Parks, recreation, and cultural	5,570,383	5,806,542	5,409,843	5,500,954	5,776,405
Community development	11,366,594	7,652,116	5,988,110	5,729,630	6,142,311
Nondepartmental	594,483	649,715	681,335	753,584	754,421
Capital outlay	-	877,303	3,637,103	1,464,968	1,924,000
Debt service:					
Principal retirement (1)	8,820,698	8,730,851	8,760,894	8,826,681	9,007,000
Interest & fiscal charges (1)	6,069,818	5,986,485	5,735,211	5,136,165	5,000,529
Bond issuance costs (2)	169,949	143,778	299,881	34,284	-
Total expenditures	169,799,678	162,898,968	174,312,598	181,519,210	174,802,672
Excess (deficiency) of revenues over (under) expenditures	(5,031,798)	(2,401,921)	(11,614,844)	(14,763,936)	1,618,851
Other financing sources (uses)					
Transfers in	1,362,514	18,634,518	18,825,348	16,942,106	19,714,744
Transfers (out)	(1,408,590)	(18,648,531)	(20,288,417)	(18,479,808)	(21,183,341)
Issuance of debt (1)	6,153,000	1,566,000	19,880,000	3,305,000	-
Issuance of refunding bonds	3,565,000	5,430,000	13,260,000	-	-
Premium on refunding debt	-	-	-	-	-
Payment to bond escrow agent	(3,820,154)	(5,962,000)	(15,124,411)	-	-
Premiums on issuance of debt	335,122	657,736	3,563,048	453,980	-
Total other financing sources (uses)	6,186,892	1,677,723	20,115,568	2,221,278	(1,468,597)
Net change in fund balances	\$ 1,155,094	\$ (724,198)	\$ 8,500,724	\$ (12,542,658)	\$ 150,254

(1) In Virginia, School Boards do not have borrowing or taxing authority, therefore the County issues debt on behalf of the School Board to finance school facilities projects. Because of this, debt service payments related to school facilities are presented as debt service of the Primary Government. Debt service as a percentage of noncapital expenditures for the Total Reporting Entity more appropriately reflects the unique Virginia school debt requirements.

(2) The presentation for FY2010 through FY2013 include bond issuance costs.

(3) The amount reported for "capital outlay primary government only" matches the reconciling item for capital outlay in the reconciliation between the government-wide statement of activities and the statement of revenues, expenditures, and changes in fund balance for governmental funds (Exhibit 6). The amount reported for "capital outlay Component Unit - School Board only" matches the reconciling item for capital outlay in the reconciliation between the government-wide statement of activities and the statement of revenues, expenditures, and changes in fund balance for the Discretely Presented Component Unit - School Board (Exhibit 33).

Fiscal Year						
2015	2016	2017	2018	2019		
\$ 140,265,298	\$ 145,958,511	\$ 153,130,626	\$ 158,963,558	\$ 168,921,271	Revenues	General property and other local taxes
1,532,066	1,569,769	1,561,027	1,475,745	1,799,330		Permits, privilege fees, and regulatory licenses
465,431	431,902	458,810	728,722	546,549		Fines and forfeitures
284,998	367,166	525,021	882,699	1,621,107		Revenue from use of money and property
2,394,233	2,466,019	2,559,972	2,468,680	2,610,278		Charges for services
515,976	1,031,810	917,095	1,169,196	850,926		Gifts and donations
568,798	389,486	424,520	625,234	489,035		Recovered costs
389,682	2,407,938	799,404	943,671	4,390,125		Miscellaneous
						Intergovernmental:
27,752,268	28,376,246	30,173,577	29,651,120	27,595,757		Commonwealth of Virginia
3,242,138	3,867,596	6,250,432	4,608,104	5,006,409		Federal Government
<u>177,410,888</u>	<u>186,866,443</u>	<u>196,800,484</u>	<u>201,516,729</u>	<u>213,830,787</u>		
					Expenditures	
12,190,628	12,802,295	13,736,444	14,004,974	14,125,547		Current operating:
3,749,075	3,890,324	3,874,425	3,940,365	4,096,274		General government administration
29,595,738	31,383,502	31,271,719	36,869,480	51,557,318		Judicial
8,006,917	9,998,893	8,184,775	8,521,245	9,437,855		Public safety
12,594,333	12,817,543	11,667,455	12,168,492	12,613,367		Public works
83,339,470	82,217,289	84,418,916	85,309,188	89,958,394		Health and welfare
6,057,766	6,179,184	6,281,542	7,220,351	9,543,091		Education
6,292,928	6,163,981	14,263,203	10,424,417	8,155,151		Parks, recreation, and cultural
738,963	390,751	754,859	904,726	605,562		Community development
3,472,214	1,903,204	5,418,998	4,037,770	4,419,969		Nondepartmental
						Capital outlay
8,767,748	9,053,340	9,612,158	8,396,812	8,456,382		Debt service:
4,563,842	4,165,161	3,803,431	3,450,426	3,329,218		Principal retirement (1)
111,700	-	169,620	-	186,938		Interest & fiscal charges (1)
						Bond issuance costs (2)
<u>179,481,322</u>	<u>180,965,467</u>	<u>193,457,545</u>	<u>195,248,246</u>	<u>216,485,066</u>		Total expenditures
<u>(2,070,434)</u>	<u>5,900,976</u>	<u>3,342,939</u>	<u>6,268,483</u>	<u>(2,654,279)</u>		Excess (deficiency) of revenues over (under) expenditures
					Other financing sources (uses)	
20,805,913	20,111,099	21,000,709	25,799,292	26,473,627		Transfers in
(21,596,741)	(19,613,370)	(22,164,368)	(29,577,564)	(28,453,675)		Transfers (out)
1,386,719	391,658	4,878,380	4,608,587	16,551,161		Issuance of debt (1)
9,101,000	-	2,775,000	-	-		Issuance of refunding bonds
-	-	704,772	421,259	1,837,428		Premium on refunding debt
(9,025,300)	-	(3,398,341)	-	-		Payment to bond escrow agent
-	-	-	-	-		Premiums on issuance of debt
<u>671,591</u>	<u>889,387</u>	<u>3,796,152</u>	<u>1,251,574</u>	<u>16,408,541</u>		Total other financing sources (uses)
\$ <u>(1,398,843)</u>	\$ <u>6,790,363</u>	\$ <u>7,139,091</u>	\$ <u>7,520,057</u>	\$ <u>13,754,262</u>		Net change in fund balances

Table 4

Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

Page 3 of 4

	Fiscal Year				
	2010	2011	2012	2013	2014
Debt Service as a Percentage of Noncapital Expenditures: (1)					
Primary Government:					
Total debt service	\$ 14,890,516	\$ 14,717,336	\$ 14,496,105	\$ 13,962,846	\$ 14,007,529
Total expenditures	169,799,678	162,898,968	174,312,598	181,519,210	174,802,672
Capital outlay primary government only (3)	2,462,775	4,289,680	4,215,022	1,162,088	3,146,923
Non-capital expenditures	167,336,903	158,609,288	170,097,576	180,357,122	171,655,749
Debt service as a percentage of noncapital expenditures: Primary Government only	8.90%	9.28%	8.52%	7.74%	8.16%
Component Unit - School Board:					
Schools expenditures excluding County contribution	46,412,036	48,447,441	47,846,703	53,594,864	54,160,921
Capital outlay Component Unit - School Board only (3)	1,241,997	2,045,997	1,122,708	1,524,264	2,549,290
Non-capital expenditures	45,170,039	46,401,444	46,723,995	52,070,600	51,611,631
Total Reporting Entity:					
Total debt service	14,890,516	14,717,336	14,496,105	13,962,846	14,007,529
Total non-capital expenditures	\$ 212,506,942	\$ 205,010,732	\$ 216,821,571	\$ 232,427,722	\$ 223,267,380
Debt service as a percentage of noncapital expenditures: Total Reporting Entity	7.01%	7.18%	6.69%	6.01%	6.27%

(1) In Virginia, School Boards do not have borrowing or taxing authority, therefore the County issues debt on behalf of the School Board to finance school facilities projects. Because of this, debt service payments related to school facilities are presented as debt service of the Primary Government. Debt service as a percentage of noncapital expenditures for the Total Reporting Entity more appropriately reflects the unique Virginia school debt requirements.

(2) The presentation for FY2010 through FY2013 include bond issuance costs.

(3) The amount reported for "capital outlay primary government only" matches the reconciling item for capital outlay in the reconciliation between the government-wide statement of activities and the statement of revenues, expenditures, and changes in fund balance for governmental funds (Exhibit 6). The amount reported for "capital outlay Component Unit - School Board only" matches the reconciling item for capital outlay in the reconciliation between the government-wide statement of activities and the statement of revenues, expenditures, and changes in fund balance for the Discretely Presented Component Unit - School Board (Exhibit 33).

Fiscal Year					
2015	2016	2017	2018	2019	
					Debt Service as a Percentage of Noncapital Expenditures: (1)
					Primary Government:
\$ <u>13,331,590</u>	\$ <u>13,218,501</u>	\$ <u>13,415,589</u>	\$ <u>11,847,238</u>	\$ <u>11,972,538</u>	Total debt service
179,481,322	180,965,467	193,457,545	195,248,246	216,485,066	Total expenditures
<u>3,672,064</u>	<u>1,846,546</u>	<u>4,606,649</u>	<u>5,115,341</u>	<u>11,005,851</u>	Capital outlay primary government only (3)
<u>175,809,258</u>	<u>179,118,921</u>	<u>188,850,896</u>	<u>190,132,905</u>	<u>205,479,215</u>	Non-capital expenditures
7.58%	7.38%	7.10%	6.23%	5.83%	Debt service as a percentage of noncapital expenditures: Primary Government only
					Component Unit - School Board:
53,805,742	55,915,274	54,571,202	57,724,088	63,770,075	Schools expenditures excluding County contribution
<u>2,658,590</u>	<u>2,784,141</u>	<u>2,226,249</u>	<u>1,866,169</u>	<u>7,264,443</u>	Capital outlay Component Unit - School Board only (3)
<u>51,147,152</u>	<u>53,131,133</u>	<u>52,344,953</u>	<u>55,857,919</u>	<u>56,505,632</u>	Non-capital expenditures
					Total Reporting Entity:
<u>13,331,590</u>	<u>13,218,501</u>	<u>13,415,589</u>	<u>11,847,238</u>	<u>11,972,538</u>	Total debt service
\$ <u>226,956,410</u>	\$ <u>232,250,054</u>	\$ <u>241,195,849</u>	\$ <u>245,990,824</u>	\$ <u>261,984,847</u>	Total non-capital expenditures
5.87%	5.69%	5.56%	4.82%	4.57%	Debt service as a percentage of noncapital expenditures: Total Reporting Entity

COUNTY OF FAUQUIER, VIRGINIA

Table 5-A

Assessed Value and Estimated Actual Value of Taxable Property (1)
Last Ten Calendar Years

Page 1 of 2

Taxable Year	Real Property					Total Taxable Real Property Assessed Value	Add: Tax-Exempt Real Property	Total Value
	Residential Property	Commercial Property	Agricultural Property	Public Service SCC Assessed				
2010	\$ 6,780,771,400	\$ 1,073,501,400	\$ 1,706,814,000	\$ 625,145,966	\$	10,186,232,766	\$ 989,212,900	\$ 11,175,445,666
2011	6,830,579,900	1,063,923,500	1,703,632,900	650,565,523		10,248,701,823	1,006,092,700	11,254,794,523
2012	6,889,390,800	1,067,953,300	1,716,811,900	692,329,668		10,366,485,668	1,004,592,600	11,371,078,268
2013	6,951,154,200	1,081,100,700	1,711,068,100	692,329,732		10,435,652,732	1,006,955,100	11,442,607,832
2014	7,266,298,800	1,133,663,200	1,690,497,600	661,631,726		10,752,091,326	928,023,400	11,680,114,726
2015	7,349,773,300	1,144,905,900	1,701,191,600	650,126,899		10,845,997,699	915,822,500	11,761,820,199
2016	7,445,077,000	1,163,896,000	1,718,320,400	654,744,149		10,982,037,549	919,663,200	11,901,700,749
2017	7,538,017,200	1,176,883,900	1,720,140,700	657,629,104		11,092,670,904	912,299,000	12,004,969,904
2018	8,801,964,400	1,201,542,000	1,931,881,600	639,357,088		12,574,745,088	930,513,800	13,505,258,888
2019	8,902,352,800	1,204,551,400	1,938,119,500	747,411,827		12,792,435,527	946,805,100	13,739,240,627

Table 5-B

Tax Relief for the Elderly
Last Ten Calendar Years

Taxable Year	Tax Relief for the Elderly
2010	\$ 222,494,500
2011	237,816,800
2012	242,812,300
2013	238,370,300
2014	245,089,100
2015	245,484,600
2016	252,923,550
2017	265,523,200
2018	308,813,800
2019	320,165,900

Source: Fauquier County Commissioner of the Revenue

- (1) Property in Fauquier County is reassessed once every four years at actual market value. Property is assessed at 100 percent of estimated actual value. Tax rates are per \$100 of assessed value.
(2) The total direct tax rate is calculated using the weighted average method.

Personal Property			Total Real and Personal Property Assessed Value	Total Direct Tax Rate (2)	Taxable Year
General Property	Segregated Properties	Total Personal Property Assessed Value			
\$ 595,929,989	\$ 45,275,468	\$ 641,205,457	\$ 10,827,438,223	1.175	2010
541,729,863	118,315,665	660,045,528	10,908,747,351	1.164	2011
565,615,974	110,025,693	675,641,667	11,042,127,335	1.169	2012
596,389,332	104,311,182	700,700,514	11,136,353,246	1.186	2013
613,509,167	112,808,209	726,317,376	11,478,408,702	1.197	2014
638,448,282	120,276,397	758,724,679	11,604,722,378	1.211	2015
663,841,809	140,649,248	804,491,057	11,786,528,606	1.254	2016
705,905,506	169,961,267	875,866,773	11,968,537,677	1.254	2017
730,253,242	167,217,815	897,471,057	13,472,216,145	0.920	2018
760,595,780	236,130,768	996,726,548	13,789,162,075	0.925	2019

COUNTY OF FAUQUIER, VIRGINIA

Table 6

Property Tax Rates for Both Direct and Overlapping Governments (1)
Last Ten Calendar Years
(rates per \$100 of assessed value)

Type of Tax	Calendar Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
FAUQUIER COUNTY										
Countywide tax levies:										
Real property:										
General Fund	\$ 0.919	\$ 0.919	\$ 0.919	\$ 0.929	\$ 0.941	\$ 0.948	\$ 0.975	\$ 0.975	\$ 0.855	\$ 0.855
Fire and Rescue Special Revenue Fund	0.045	0.045	0.045	0.045	0.045	0.045	0.058	0.058	0.121	0.133
Conservation Easement Purchase Levy	0.006	0.006	0.006	0.006	0.006	0.006	0.006	0.006	0.006	0.006
Total direct real property tax rate	0.970	0.970	0.970	0.980	0.992	0.999	1.039	1.039	0.982	0.994
Personal property:										
General class	4.650	4.650	4.650	4.650	4.650	4.650	4.650	4.650	4.650	4.650
Airplanes	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001
Machinery and tools	2.300	2.300	2.300	2.300	2.300	2.300	2.300	2.300	2.300	2.300
Handicapped equipped vehicle	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050
Camper trailers and boats	1.500	1.500	1.500	1.500	1.500	1.500	1.500	1.500	1.500	1.500
Mobile homes	0.970	0.970	0.970	0.980	0.992	0.999	1.039	1.039	0.982	0.994
Buses with 30 or more passengers	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Business furniture, fixtures, and equipment	2.300	2.300	2.300	2.300	2.300	2.300	2.300	2.300	2.300	2.300
Fire and rescue volunteer vehicle	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250
Total direct personal property tax rate (2)	4.434	4.180	4.220	4.255	4.255	4.241	4.200	4.200	5.206	5.149
Total direct tax rate (2)	1.175	1.164	1.169	1.186	1.197	1.211	1.254	1.254	0.920	0.925
Special district levies:										
Marshall Street Light Levy (3)	0.005	0.005	0.005	0.005	0.005	0.005	0.005	0.005	0.005	0.005
Stormwater Management Levy (4)	-	-	-	-	13.64	13.64	13.64	13.64	13.64	13.64
OVERLAPPING GOVERNMENTS										
Town of Warrenton:										
Real estate	0.015	0.015	0.015	0.015	0.015	0.015	0.050	0.050	0.050	0.050
Personal property	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Town of Remington:										
Real estate	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125
Personal property	1.100	1.100	1.100	1.100	1.100	1.100	1.100	1.100	1.100	1.100
Town of The Plains:										
Real estate	0.040	0.040	0.040	0.040	0.040	0.040	0.040	0.040	0.040	0.040
Personal property	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500

(1) The County does not have any direct and overlapping debt to report.

(2) The total direct personal property tax rate and the total direct tax rate are calculated using the taxable property assessed value weighted average method.

(3) The Marshall Street Light Levy is a special assessment for the Marshall District.

(4) The Stormwater Management Levy is a special assessment per parcel on certain parcels.

Sources: Fauquier County Commissioner of the Revenue; Town of Warrenton; Town of Remington; Town of The Plains

COUNTY OF FAUQUIER, VIRGINIA

Table 7-A

Principal Real Property Taxpayers
Current Year and Nine Years Ago

TAXPAYER	2019			2010		
	Assessed Valuation	Rank	% of Total Assessed Valuation	Assessed Valuation	Rank	% of Total Assessed Valuation
Virginia Electric & Power Company	\$ 425,859,158	1	3.39%	\$ 259,064,867	1	2.54%
Old Dominion Electric Co-op	120,038,610	2	0.95%	173,763,889	2	1.71%
Fauquier Medical Center LLC	77,464,100	3	0.62%			
Northern Virginia Electric Co-op	35,247,187	4	0.28%	27,250,375	5	0.27%
Warrenton Center LLC	34,813,000	5	0.28%	29,666,400	4	0.29%
Verizon - Virginia LLC	27,819,354	6	0.22%	61,152,716	3	0.60%
Fauquier Long-Term Care, LLC	23,474,100	7	0.19%			
Rappahannock Electric Co-op	23,153,981	8	0.18%	18,640,144	9	0.18%
Norfolk Southern Railway Corporation	20,528,163	9	0.16%			
Northrock Center LLC	18,931,400	10	0.15%			
Oak Spring Farms LLC				22,893,300	6	0.22%
Saul Holdings Limited Partnership				19,577,800	7	0.19%
Warrenton Development Company				18,774,000	8	0.18%
Walmart Real Estate Business				16,389,800	10	0.16%
Total	\$ 807,329,053		6.42%	\$ 647,173,291		6.34%

Source: Fauquier County Commissioner of the Revenue

Table 7-B

Principal Personal Property Taxpayers (1)
Current Year and Nine Years Ago

TAXPAYER	2019			2010		
	Assessed Valuation	Rank	% of Total Assessed Valuation	Assessed Valuation	Rank	% of Total Assessed Valuation
VADATA Inc	\$ 79,200,866	1	9.04%			
Atlantic Coast Pipeline LLC	54,801,083	2	6.26%			
Data Center Vint Hill LLC	9,422,856	3	1.08%			
H&E Equipment Services Inc	6,430,518	4	0.73%	\$ 4,750,604	3	0.74%
Luck Stone Corporation	6,160,425	5	0.70%	2,853,985	4	0.45%
Fauquier Medical Center LLC	4,738,651	6	0.54%			
Toyota Motor Credit Corp (TLT)	4,640,156	7	0.53%	2,282,818	5	0.36%
Vulcan Construction Materials LP	4,468,305	8	0.51%	5,455,185	2	0.85%
Paynes Parking Designs Inc	3,572,990	9	0.41%			
Comcast of CA/MD/PA/VA/WV LLC	3,521,371	10	0.40%	6,265,551	1	0.98%
Harris Teeter Inc #329				2,281,137	6	0.36%
D. L. Peterson Trust				1,630,039	7	0.25%
Smith-Midland Corp				1,821,092	8	0.28%
B G Crane Services Inc				1,737,734	9	0.27%
Financial Services Vehicles Trust				1,482,695	10	0.23%
Total	\$ 176,957,221		20.20%	\$ 30,560,840		4.77%

(1) Original TY 2019 Book Assessments.

Source: Fauquier County Commissioner of the Revenue

COUNTY OF FAUQUIER, VIRGINIA

Table 8

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Tax Levied for the Tax Year	Adjustments	Total Adjusted Levy	Collections within the Fiscal Year of the Levy		Collections in Subsequent Years		Total Collections to Date	
				Amount	Percentage of Adjusted Tax Levy	Amount		Amount	Percentage of Adjusted Tax Levy
2010	\$ 125,478,009	\$ (112,936)	\$ 125,365,073	\$ 122,961,071	98.08%	\$ 2,266,433	\$	125,227,504	99.89%
2011	124,996,220	(75,841)	124,920,379	122,687,302	98.21%	2,003,286		124,690,588	99.82%
2012	126,178,322	405,058	126,583,380	124,456,425	98.32%	2,091,461		126,547,886	99.97%
2013	129,385,080	(150,108)	129,234,972	127,508,397	98.66%	1,303,464		128,811,861	99.67%
2014	134,056,098	(203,649)	133,852,449	131,810,247	98.47%	1,228,084		133,038,331	99.39%
2015	137,426,955	(13,220)	137,413,735	136,106,494	99.05%	1,295,123		137,401,617	99.99%
2016	143,008,327	(65,576)	142,942,751	141,524,709	99.01%	1,365,626		142,890,335	99.96%
2017	150,951,961	(259,594)	150,692,367	147,447,104	97.85%	974,068		148,421,172	98.49%
2018	154,794,463	(107,098)	154,687,365	153,137,157	99.00%	932,349		154,069,506	99.60%
2019	164,464,771	-	164,464,771	162,559,499	98.84%	-		162,559,499	98.84%

The Personal Property Tax Relief Act amounts received for tax years 2011 to 2019 are as follows:

FY 2011	\$ 13,659,460	CY 2011
FY 2012	13,657,516	CY 2012
FY 2013	13,657,516	CY 2013
FY 2014	13,566,372	CY 2014
FY 2015	13,570,923	CY 2015
FY 2016	13,758,849	CY 2016
FY 2017	13,707,834	CY 2017
FY 2018	13,705,160	CY 2018
FY 2019	13,658,120	CY 2019

COUNTY OF FAUQUIER, VIRGINIA

Table 9

Ratios of Outstanding Debt by Type (1)
Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Business-type Activities				Component Unit		Percentage of Personal Income (2)	Per Capita (2)
	Capital Lease	Financing Lease	General Obligation Bonds	Virginia Public School Authority Bonds	Capital Lease	Solid Waste Revenue Bonds	Sewer Revenue Bonds	Total Primary Government	Capital Lease	Personal Income		
2010	\$ 8,444,774	\$ 2,286,065	\$ 39,289,520	\$ 66,431,981	\$ 596,000	\$ -	\$ -	\$ 117,048,340	\$ -	\$ 3,614,281,000	3.24%	1,795
2011	9,235,569	8,186,317	36,140,583	61,428,505	298,000	-	-	115,288,974	-	3,830,935,000	3.01%	1,761
2012	4,870,290	7,742,774	35,743,215	77,848,199	-	6,065,440	-	132,269,918	-	4,090,143,000	3.23%	2,011
2013	3,843,205	7,301,780	32,555,866	76,580,596	-	5,925,854	-	126,207,301	-	3,983,067,000	3.17%	1,908
2014	2,911,274	6,858,665	29,368,052	71,241,989	-	5,387,159	-	115,767,139	-	4,104,117,000	2.82%	1,739
2015	3,001,296	6,399,539	27,727,283	65,756,480	-	9,646,698	-	112,531,296	-	4,365,429,000	2.58%	1,667
2016	2,038,177	5,925,420	25,267,136	60,272,709	-	9,430,964	-	102,934,406	-	4,446,445,000	2.31%	1,516
2017	5,113,511	5,728,520	22,762,210	54,797,067	-	9,129,028	-	97,530,336	-	4,637,197,000	2.10%	1,431
2018	4,490,699	10,089,438	20,210,265	49,480,501	-	8,814,800	118,587	93,204,290	-	*	*	1,349
2019	4,441,976	26,711,346	17,733,115	44,338,192	-	8,493,518	483,089	102,201,236	10,672,434	*	*	1,457

(1) The County does not have any direct and overlapping debt to report.

(2) See the schedule of Demographic and Economic Statistics on Table 12 for personal income and population data.

* Unavailable



COUNTY OF FAUQUIER, VIRGINIA

Table 10

**Ratios of General Bonded Debt Outstanding (1)
Last Ten Fiscal Years**

Fiscal Year	General Obligation Bonds	Virginia Public School Authority Bonds	Net General Bonded Debt	Percentage of Personal Income	Percentage of Estimated Actual Value of Taxable Property (2)	Per Capita (3)
2010	\$ 39,289,520	\$ 66,431,981	\$ 105,721,501	2.93%	0.98%	1,621
2011	36,140,583	61,428,505	97,569,088	2.55%	0.89%	1,491
2012	35,743,215	77,848,199	113,591,414	2.78%	1.03%	1,727
2013	32,555,866	76,580,596	109,136,462	2.74%	0.98%	1,650
2014	29,368,052	71,241,989	100,610,041	2.45%	0.88%	1,511
2015	27,727,283	65,756,480	93,483,763	2.14%	0.81%	1,385
2016	25,267,136	60,272,709	85,539,845	1.92%	0.73%	1,260
2017	22,762,210	54,797,067	77,559,277	1.67%	0.65%	1,138
2018	20,210,265	49,480,501	69,690,766	*	0.52%	1,009
2019	17,733,115	44,338,192	62,071,307	*	0.45%	885

(1) The County does not have any direct and overlapping debt to report.

(2) See the schedule of Assessed Value and Estimated Actual Value of Taxable Property on Table 5A-B for property value data.

(3) See the schedule of Demographic and Economic Statistics on Table 12 for population data.

* Unavailable

Table 11

**County Policy Debt Margin
Last Ten Fiscal Years**

	Fiscal Year				
	2010	2011	2012	2013	2014
Budgeted revenues (1)	\$ 161,131,819	\$ 154,965,925	\$ 157,396,115	\$ 159,945,659	\$ 163,855,490
Debt limit (2)	16,113,182	15,496,593	15,739,612	15,994,566	16,385,549
Total net debt applicable to limit (3)	<u>15,234,861</u>	<u>15,364,141</u>	<u>15,138,516</u>	<u>14,609,344</u>	<u>14,936,587</u>
County policy margin	\$ <u>878,321</u>	\$ <u>132,452</u>	\$ <u>601,096</u>	\$ <u>1,385,222</u>	\$ <u>1,448,962</u>

Total net debt applicable to the limit as a percentage of general revenues	9.45%	9.91%	9.62%	9.13%	9.12%
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- (1) Budgeted revenues include the General Fund, the Conservation Easement Service District Fund, and the Volunteer Fire and Rescue Fund.
- (2) The Code of Virginia has no legal debt margin limit set on the Counties. Fauquier County's annual debt service capacity was defined as 10% of the aggregate total of original budgeted revenues in the General Fund, the Conservation Easement Service District Fund, and the Volunteer Fire and Rescue Fund.
- (3) Contributions to certain volunteer fire and rescue companies operating within the County that are utilized to pay debt service on borrowing for which the County has made certain commitments (see Note 9) are included in the debt margin calculation.

Fiscal Year						
2015	2016	2017	2018	2019		
\$ 170,353,442	\$ 174,239,206	\$ 181,242,684	\$ 186,361,492	\$ 200,257,948		Budgeted revenues (1)
17,035,344	17,423,921	18,124,268	18,636,149	20,025,795		Debt limit (2)
<u>14,259,898</u>	<u>14,148,209</u>	<u>14,346,246</u>	<u>12,778,846</u>	<u>13,145,314</u>		Total net debt applicable to limit (3)
\$ <u>2,775,446</u>	\$ <u>3,275,712</u>	\$ <u>3,778,022</u>	\$ <u>5,857,303</u>	\$ <u>6,880,481</u>		County policy margin
8.37%	8.12%	7.92%	6.86%	6.56%		Total net debt applicable to the limit as a percentage of general revenues

COUNTY OF FAUQUIER, VIRGINIA

Table 12

Demographic and Economic Statistics
Last Ten Fiscal Years

Year	Estimated Population (1)	Personal Income (expressed in thousands) (2)	Per Capita Personal Income (2)	Unemployment Rate (3)	County Civilian Labor Force (3)	At-Place Employment Annual Average (3)	School Enrollment (4)
2010	65,203	\$ 3,614,281	\$ 55,202	6.1%	36,270	20,145	11,222
2011	65,460	3,830,935	57,989	5.7%	36,637	20,781	11,241
2012	65,780	4,090,143	61,422	5.4%	36,761	21,387	11,201
2013	66,131	3,983,067	59,295	5.2%	36,742	21,213	11,032
2014	66,573	4,104,117	60,212	4.8%	36,676	21,076	11,084
2015	67,512	4,365,429	63,780	4.1%	36,625	21,549	11,055
2016	67,898	4,446,445	64,644	3.7%	36,297	22,054	11,042
2017	68,168	4,637,197	66,756	3.4%	36,548	22,116	11,007
2018	69,098	*	*	2.8%	36,833	22,417	11,104
2019	70,150	*	*	2.6%	37,765	21,832	11,153

Sources: (1) Weldon Cooper Center for Public Service final population estimates as of July 1st for FY2010 through FY2018, and provisional estimate for FY2019, as of July 1, 2018.
(2) Bureau of Economic Analysis, calendar year data. New estimates for 2017; revised estimates for 2010-2016.
(3) Bureau of Labor Statistics Data for the Unemployment Rate and County Civilian Labor Force is the rate at June of the corresponding year. Bureau of Labor Statistics Data for At-Place Employment is for the 1st quarter of each year.
(4) School enrollment from the Fauquier County Public Schools Adopted Budgets.

* Unavailable

COUNTY OF FAUQUIER, VIRGINIA

Table 13

**Principal Employers (1)
Current Year and Nine Years Ago**

Employer	2019		2010	
	Rank	Number of Employees	Rank	Number of Employees
Fauquier County School Board	1	1000 and over	1	1000 and over
Fauquier Health System	2	500 to 999	2	500 to 999
County of Fauquier	3	500 to 999	3	500 to 999
U.S. Department of Transportation	4	250 to 499	4	250 to 499
Walmart	5	250 to 499	5	100 to 249
Town of Warrenton	6	100 to 249	7	100 to 249
Food Lion	7	100 to 249	6	100 to 249
Airlie Foundation	8	100 to 249		
Blue Ridge Orthopaedic Associates	9	100 to 249		
Country Chevrolet, Peugeot	10	100 to 249		
Buccaneer Computer System Inc			8	100 to 249
Oak Springs Nursing Home			9	100 to 249
The Fauquier Bank			10	100 to 249

(1) Fauquier County is prohibited from publishing the actual number of employees per the Confidential Information Protection and Statistical Efficiency Act of 2002 – Title V of Public Law 107-347.

Source: Virginia Employment Commission Top 50 Employers (1st Quarter of 2019 and 2nd Quarter of 2010)



COUNTY OF FAUQUIER, VIRGINIA

Table 14

County Government Employees by Function
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General government administration	109.8	112.2	113.2	113.5	114.5	116.8	117.5	119.6	122.6	123.5
Judicial administration	38.8	38.5	38.8	42.8	42.8	44.1	45.1	45.1	45.1	45.1
Public safety	189.5	191.5	207.5	238.5	238.5	248.9	248.9	260.5	266.5	299.5
Public works	81.1	74.1	74.1	76.1	75.5	79.5	78.5	79.5	79.5	81.5
Health and welfare	45.1	45.1	46.5	47.5	47.5	48.5	48.5	48.5	48.5	54.5
Parks, recreation, and cultural	61.7	58.7	60.6	61.9	61.9	62.9	63.2	64.2	65.2	65.2
Community development	63.5	61.5	63.5	62.1	62.1	72.1	75.1	76.1	76.1	76.1
Total Primary Government	<u>589.5</u>	<u>581.6</u>	<u>604.2</u>	<u>642.4</u>	<u>642.8</u>	<u>672.8</u>	<u>676.8</u>	<u>693.5</u>	<u>703.5</u>	<u>745.4</u>
Component Unit - School Board										
Education	<u>1,853.3</u>	<u>1,863.1</u>	<u>1,863.1</u>	<u>1,816.3</u>	<u>1,819.5</u>	<u>1,831.1</u>	<u>1,836.1</u>	<u>1,819.1</u>	<u>1,831.0</u>	<u>1,900.0</u>
Total Reporting Entity	<u>2,442.8</u>	<u>2,444.7</u>	<u>2,467.3</u>	<u>2,458.7</u>	<u>2,462.3</u>	<u>2,503.9</u>	<u>2,512.9</u>	<u>2,512.6</u>	<u>2,534.5</u>	<u>2,645.4</u>

(1) As of FY2017 Fire, Rescue, and Emergency Services is reported in the Fire and Rescue Tax Levy Fund

Sources: For County Government employees information: Fauquier County Adopted Budgets

Table 15

Operating Indicators by Function
Last Ten Fiscal Years

Page 1 of 6

Function	Fiscal Year				
	2010	2011	2012	2013	2014
General government administration					
Commissioner of the revenue					
Real estate number of parcels	31,639	32,638	32,805	32,897	32,967
Land use number of parcels	3,941	3,953	3,941	3,925	3,950
PPTRA qualifying vehicles	67,161	69,326	70,846	71,931	70,800
County attorney (5)					
Total litigation files opened	30	32	32	11	9
Active open litigation cases	-	-	-	-	-
Finance					
Vendor checks issued	19,131	17,518	16,349	17,555	17,971
Human resources					
Employment applications received	15,290	18,941	15,248	11,814	9,125
New employees orientated	633	535	607	548	526
Payroll annual checks/direct deposits	49,430	52,750	53,826	53,104	68,750
Information technology					
Website hits (6)	1,253,348	1,094,809	1,154,107	1,043,798	1,056,552
Treasurer					
Real estate bills mailed	62,080	63,064	63,165	63,101	63,486
Personal property bills mailed	60,916	61,782	62,500	63,494	64,910
Dog tags issued	3,495	3,374	3,293	3,340	3,434
Judicial administration					
Adult court services					
Average daily caseload	385	415	522	564	425
Circuit court (2)					
Civil cases	798	1,002	699	884	640
Criminal cases	1,099	964	1,165	1,168	1,211
Clerk of the circuit court (by calendar year)					
Deed book recording	11,493	10,858	13,883	14,153	10,188
Judgments	2,706	2,343	2,129	1,758	1,927
Criminal cases	1,000	1,054	1,187	1,166	1,221
Concealed weapon permits	526	593	958	1,607	1,078
Public safety					
Detention center					
Prisoner transports	4,297	4,238	5,370	6,119	6,967
Average daily inmate population	110	110	110	103	104
Juvenile detention					
Youth detained	72	53	44	44	50
Child care days	740	788	258	259	300
Juvenile probation					
Probation and paroles per month	177	116	62	102	75
Intakes	1,203	1,212	1,026	1,108	1,250

(1) Operating indicators for the current year-end will not be available until the publication of the subsequent year's budget. Therefore, no FY2019 information is available.

(2) Circuit court data based on calendar year.

(3) Updated Recycled Materials - Tons rate in FY2016 to reflect correct statistic.

(4) Transfer station operations began in FY2016.

(5) As of FY2016, County Attorney revised reporting categories.

(6) As of FY2017, Information Technology utilized a new method of website tracking.

(7) As of FY2017, the Sheriff's Office utilized a new method for reporting categories.

Sources: Fauquier County Adopted Budgets; Fauquier County Departments; Fauquier County School Board Superintendent's Annual Reports

* Unavailable

Fiscal Year					Function
2015	2016	2017	2018	2019 (1)	
General government administration					
					Commissioner of the revenue
33,276	33,466	33,591	32,785	*	Real estate number of parcels
3,914	3,867	3,847	3,800	*	Land use number of parcels
74,556	75,741	77,413	78,961	*	PPTRA qualifying vehicles
					County attorney (5)
13	13	-	-	*	Total litigation files opened
-	351	390	346	*	Active open litigation cases
					Finance
17,071	17,247	17,290	18,119	*	Vendor checks issued
					Human resources
9,668	9,065	10,162	10,509	*	Employment applications received
841	737	840	880	*	New employees orientated
43,467	66,835	77,610	71,008	*	Payroll annual checks/direct deposits
					Information technology
1,582,195	1,199,765	210,985	210,651	*	Website hits (6)
					Treasurer
64,548	64,550	65,655	65,916	*	Real estate bills mailed
66,643	68,310	69,726	70,206	*	Personal property bills mailed
3,737	3,576	4,466	4,283	*	Dog tags issued
Judicial administration					
					Adult court services
450	315	310	400	*	Average daily caseload
					Circuit court (2)
561	687	595	849	*	Civil cases
1,123	974	1,150	861	*	Criminal cases
					Clerk of the circuit court (by calendar year)
11,986	12,515	11,555	10,562	*	Deed book recording
1,555	1,290	1,348	1,256	*	Judgments
950	1,082	1,085	861	*	Criminal cases
1,218	1,417	1,368	1,534	*	Concealed weapon permits
Public safety					
					Detention center
7,441	6,958	6,678	6,680	*	Prisoner transports
102	91	82	86	*	Average daily inmate population
					Juvenile detention
50	50	50	60	*	Youth detained
300	300	300	500	*	Child care days
					Juvenile probation
110	110	110	50	*	Probation and paroles per month
1,200	1,200	1,283	1,283	*	Intakes

Table 15

Operating Indicators by Function
Last Ten Fiscal Years

Page 3 of 6

Function	Fiscal Year				
	2010	2011	2012	2013	2014
Public safety (continued)					
Fire, rescue, and emergency services					
911 calls for service	10,653	10,693	27,180	26,553	24,196
Hazardous material response	22 calls	10 calls	8 calls	20 calls	25 calls
Emergency Response - EMS	6,664	7,187	7,032	7,187	7,230
Emergency Response - Fire	3,935	4,420	3,931	3,938	3,964
Sheriff (7)					
Traffic summonses issued	9,075	8,183	7,224	6,992	6,864
Misdemeanor arrests	2,159	2,499	3,082	2,283	2,345
Felony arrests	790	882	1,068	930	1,089
Civil papers served	15,732	16,572	15,667	15,364	21,548
Calls for service	59,031	59,448	66,260	71,048	65,565
Animal control calls for service	3,396	3,501	3,765	3,177	3,116
Joint communications					
Telephone calls processed	170,553	157,299	158,821	158,493	160,078
Dispatch actions performed	810,569	793,509	857,133	886,108	912,691
Calls for service	104,980	101,786	110,305	133,542	116,948
Public works					
Environmental services - convenience sites					
Trash - tons	18,495	16,963	17,307	17,702	17,841
Recycled materials - tons (3)	2,858	2,564	2,413	2,446	2,654
Resident visits	557,086	509,204	512,827	523,106	527,506
General services					
Facility work orders completed	8,620	7,979	8,499	8,405	8,500
Fleet vehicles/small engines	770	665	641	618	725
Preventive maintenance schedule	1,513	1,699	1,891	2,009	2,000
Health and welfare					
Children's Services Act (CSA)					
Congregate care	35	25	26	28	45
Foster care - therapeutic, specialized, regular	82	56	71	81	112
Community based services	138	146	104	155	196
Special Education Day Placements	36	35	27	29	35
SPED Wraps	14	8	52	26	13
Social services					
Adoption assistance	24	34	33	42	44
Long term care screenings	107	122	102	102	135

(1) Operating indicators for the current year-end will not be available until the publication of the subsequent year's budget.

Therefore, no FY2019 information is available.

(2) Circuit court data based on calendar year.

(3) Updated Recycled Materials - Tons rate in FY2016 to reflect correct statistic.

(4) Transfer station operations began in FY2016.

(5) As of FY2016, County Attorney revised reporting categories.

(6) As of FY2017, Information Technology utilized a new method of website tracking.

(7) As of FY2017, the Sheriff's Office utilized a new method for reporting categories.

Sources: Fauquier County Adopted Budgets; Fauquier County Departments; Fauquier County School Board Superintendent's Annual Reports

* Unavailable

Fiscal Year					Function
2015	2016	2017	2018	2019 (1)	
Public safety (continued)					
					Fire, rescue, and emergency services
27,607	26,593	24,845	24,085	*	911 calls for service
7 calls	10 calls	6 calls	5 calls	*	Hazardous material response
7,533	7,706	4,551	7,705	*	Emergency Response - EMS
4,386	4,648	2,655	4,819	*	Emergency Response - Fire
Sheriff (7)					
5,952	6,077	7,734	9,546	*	Traffic summonses issued
1,937	1,811	1,184	1,039	*	Misdemeanor arrests
1,028	937	504	451	*	Felony arrests
19,342	14,412	13,528	16,065	*	Civil papers served
68,577	24,099	23,997	24,839	*	Calls for service
2,589	2,532	2,497	3,986	*	Animal control calls for service
Joint communications					
157,410	141,730	144,256	144,712	*	Telephone calls processed
921,379	914,143	962,493	1,001,636	*	Dispatch actions performed
114,435	111,563	118,344	126,864	*	Calls for service
Public works					
Environmental services - convenience sites					
17,608	19,368	19,653	19,476	*	Trash - tons
2,634	2,878	3,039	3,005	*	Recycled materials - tons (3)
526,812	578,393	585,793	584,522	*	Resident visits
General services					
7,542	8,500	8,210	8,300	*	Facility work orders completed
800	817	915	930	*	Fleet vehicles/small engines
2,029	2,000	2,610	2,500	*	Preventive maintenance schedule
Health and welfare					
Children's Services Act (CSA)					
65	51	28	21	*	Congregate care
75	75	78	59	*	Foster care - therapeutic, specialized, regular
195	196	194	198	*	Community based services
46	52	50	40	*	Special Education Day Placements
20	10	8	17	*	SPED Wraps
Social services					
59	68	79	89	*	Adoption assistance
136	141	115	122	*	Long term care screenings

Table 15

Operating Indicators by Function
Last Ten Fiscal Years

Function	Fiscal Year				
	2010	2011	2012	2013	2014
Parks, recreation, and cultural					
Library					
Materials cataloged/processed	12,701	13,642	16,443	11,562	11,981
Periodicals cataloged/processed	7,590	3,423	3,514	3,455	3,336
Library patron visits	278,078	255,009	265,770	264,436	261,090
Parks and recreation					
Park attendance	739,564	714,352	791,948	729,807	667,485
Shelter rentals	249	283	334	336	357
Education					
Per pupil expenditures	10,804	11,284	11,014	11,746	11,920
High school completion rate	90%	91%	93%	96%	97%
SAT scores	1,529	1,533	1,537	1,532	1,549
Federal subsidized meals program	22.2%	21.6%	24.9%	23.4%	24.8%
Community development					
Tourism e-newsletter distribution	7,120	8,260	15,296	22,640	39,578
Rezoning/comp plans	10	8	7	4	12
Preliminary/final subdivisions	2	12	3	5	20
Building permits issued	1,000	881	1,021	1,493	1,583
Building plans reviewed	1,134	1,225	1,103	1,288	1,446
Land disturbing permits issued	42	114	82	109	111
Marketing response to website (6)	160,420	168,446	169,088	191,150	217,750
Other funds					
Environmental services					
Residents using the landfill	6,404	3,714	2,615	2,581	1,877
Total tons recycled	18,337	20,274	21,980	24,470	25,240
Solid waste - tons to the landfill	64,366	53,454	52,245	52,749	52,588
Solid waste - tons to the transfer station (4)	-	-	-	-	-
Recycling rate	35%	39%	44%	43%	43%
Fleet maintenance					
Internal service fund county users	42	46	42	40	42
Internal service fund non-county users	22	26	12	12	12
Total vehicles serviced	5,300	5,016	5,908	5,471	6,000

- (1) Operating indicators for the current year-end will not be available until the publication of the subsequent year's budget. Therefore, no FY2019 information is available.
- (2) Circuit court data based on calendar year.
- (3) Updated Recycled Materials - Tons rate in FY2016 to reflect correct statistic.
- (4) Transfer station operations began in FY2016.
- (5) As of FY2016, County Attorney revised reporting categories.
- (6) As of FY2017, Information Technology utilized a new method of website tracking.
- (7) As of FY2017, the Sheriff's Office utilized a new method for reporting categories.

Sources: Fauquier County Adopted Budgets; Fauquier County Departments; Fauquier County School Board Superintendent's Annual Reports

* Unavailable

Fiscal Year					Function
2015	2016	2017	2018	2019 (1)	
					Parks, recreation, and cultural
					Library
11,014	11,892	13,090	10,039	*	Materials cataloged/processed
3,387	3,208	3,154	2,815	*	Periodicals cataloged/processed
266,496	259,773	253,182	218,062	*	Library patron visits
					Parks and recreation
789,325	850,526	894,230	783,884	*	Park attendance
343	356	369	356	*	Shelter rentals
					Education
12,173	12,097	12,141	12,394	*	Per pupil expenditures
95%	97%	97%	97%	*	High school completion rate
1,546	1,561	1,125	1,092	*	SAT scores
24.3%	24.7%	27.2%	26.9%	*	Federal subsidized meals program
					Community development
44,217	50,407	54,400	57,120	*	Tourism e-newsletter distribution
8	70	9	12	*	Rezoning/comp plans
2	1	1	-	*	Preliminary/final subdivisions
1,544	1,458	1,782	2,110	*	Building permits issued
1,312	1,490	1,898	1,594	*	Building plans reviewed
230	281	390	402	*	Land disturbing permits issued
225,588	232,355	48,720	51,156	*	Marketing response to website (6)
					Other funds
					Environmental services
1,630	1,705	1,757	3,108	*	Residents using the landfill
17,011	15,756	19,942	19,921	*	Total tons recycled
47,957	5,821	7,994	10,931	*	Solid waste - tons to the landfill
-	44,962	43,635	44,643	*	Solid waste - tons to the transfer station (4)
40%	43%	41%	39%	*	Recycling rate
					Fleet maintenance
46	46	45	46	*	Internal service fund county users
12	15	13	15	*	Internal service fund non-county users
6,031	6,500	6,073	6,500	*	Total vehicles serviced

COUNTY OF FAUQUIER, VIRGINIA

Table 16

Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Judicial administration										
Detention center capacities	56	56	56	56	56	56	56	56	56	56
Public safety										
Fire and rescue companies	11	11	11	11	11	11	11	10	10	10
Public works (1)										
Active vehicles	271	287	263	270	277	454	494	362	386	413
County owned buildings	57	57	57	57	57	57	57	64	66	69
Sq. ft. in buildings	396,744	396,744	396,744	396,744	396,744	455,883	540,986	422,325	436,067	456,244
Parks, recreation, and cultural										
Libraries	3	3	3	3	3	3	3	3	3	3
Volumes	211,562	214,029	208,313	208,691	210,698	210,356	210,933	207,989	210,181	204,321
Parks and recreation facilities	35	35	35	35	35	35	36	35	38	40
Land acres	825	885	899	932	932	886	890	892	909	1,109
Water acres	113	116	116	110	110	115	115	115	116	116
Trails (miles)	13	14	14	14	20	20	20	20	25	26
Fields	59	63	63	58	58	57	57	57	57	57
Boats	34	35	58	35	36	34	34	34	40	42
Shelters	19	19	19	21	21	19	19	18	19	19
Swimming pools	2	2	2	2	2	2	2	2	2	2
Education										
Elementary schools										
Buildings	11	11	11	11	11	11	11	11	11	11
Sq. ft. in buildings	717,016	717,016	717,016	717,016	717,016	717,016	717,016	717,016	717,016	717,016
Capacity	6,095	6,095	6,095	6,095	6,176	6,176	6,176	6,176	6,176	6,176
Middle schools										
Buildings	5	5	5	5	5	5	5	5	5	5
Sq. ft. in buildings	514,110	514,110	514,110	514,110	514,110	514,110	514,110	514,110	514,110	514,110
Capacity	3,183	3,183	3,183	3,183	3,045	3,194	3,194	3,194	3,194	3,194
High schools										
Buildings	3	3	3	3	3	3	3	3	3	3
Sq. ft. in buildings	742,272	742,272	742,272	817,163	834,710	848,210	848,210	848,210	848,210	848,210
Capacity	4,500	4,500	4,500	4,554	4,342	4,342	4,342	4,342	4,364	4,364
Alternative schools										
Buildings	1	1	1	1	1	1	1	1	1	1
Sq. ft. in buildings	17,547	17,547	19,563	19,563	19,563	19,563	19,563	19,563	19,563	19,563
Capacity	191	191	191	191	191	191	220	220	220	220
Number of school buses	180	184	178	181	182	170	179	179	173	159
Airport										
Miles of runways	0.96	0.96	0.96	0.96	0.96	0.95	0.95	0.95	0.95	0.95
Number of hangars	10	10	10	10	11	11	11	11	11	11

Sources: Fauquier County Administration; Fauquier County Fleet Operations; Fauquier County Parks & Recreation; Fauquier County General Services; Fauquier County Department of Fire, Rescue and Emergency Management; Fauquier County Public Schools

(1) The County implemented a new methodology for better calculating public works statistical data in FY2017.



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

**Independent Auditors' Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Fauquier, Virginia, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the County of Fauquier, Virginia's basic financial statements, and have issued our report thereon dated November 27, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County of Fauquier, Virginia's internal control over financial reporting (internal control) to determine 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 of Fauquier, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of the County of Fauquier, Virginia's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Fauquier, Virginia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Robinson, Farmer, Cox Associates

Fredericksburg, Virginia
November 27, 2019



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

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

Report on Compliance for Each Major Federal Program

We have audited the County of Fauquier, Virginia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County of Fauquier, Virginia's major federal programs for the year ended June 30, 2019. County of Fauquier, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the County of Fauquier, Virginia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County of Fauquier, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County of Fauquier, Virginia's compliance.

Opinion on Each Major Federal Program

In our opinion, the County of Fauquier, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control over Compliance

Management of the County of Fauquier, Virginia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County of Fauquier, Virginia's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County of Fauquier, Virginia's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Robinson, Farmer, Cox Associates

Fredericksburg, Virginia
November 27, 2019

COUNTY OF FAUQUIER, VIRGINIA

Schedule of Expenditures of Federal Awards
Primary Government and Discretely Presented Component Unit
For the Period Ended June 30, 2019

Page 1 of 2

Federal Granting Agency/Pass-Through Agency/Grant Program	CFDA Number	Pass-Through Agency Identifying Number	Federal Expenditures	Amounts Provided to Subrecipients	Totals by Agency
Primary Government:					
DEPARTMENT OF AGRICULTURE:					
Direct payments:					
Rural Business Development Grant	10.351	Not Applicable	\$ 32,084	\$ -	\$
Passed through the Commonwealth of Virginia:					
<u>Department of Social Services</u>					
SNAP Cluster:					
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	10119, 40119	602,824	-	
Total SNAP Cluster			602,824	-	
Total Department of Agriculture					634,908
DEPARTMENT OF HEALTH AND HUMAN SERVICES:					
Passed through the Commonwealth of Virginia:					
<u>Department of Social Services:</u>					
Promoting Safe and Stable Families	93.556	950,118	27,885	-	
TANF Cluster:					
Temporary Assistance for Needy Families	93.558	400,119	263,714	-	
Temporary Assistance for Needy Families	93.558	CVS-16-056-16	75,768	-	
Total TANF Cluster	Total 93.558		339,482	-	
Refugee and Entrant Assistance State/ Replacement Designee Administered Programs	93.566	500119	167	-	
Low-Income Home Energy Assistance	93.568	600419	34,509	-	
CCDF Cluster:					
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	760119	47,338	-	
Total CCDF Cluster			47,338	-	
Chafee Education and Training Vouchers Program (ETV)	93.599	9160118	2,460	-	
Stephanie Tubbs Jones Child Welfare Services Program	93.645	900118	201	-	
Foster Care-Title IV-E	93.658	1100119	544,801	-	
Adoption Assistance	93.659	1120119	599,276	-	
Social Services Block Grant	93.667	1000119	221,748	-	
Social Services Block Grant	93.667	Not Applicable	28,299	-	
Total 93.667			250,047	-	
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150118	3,571	-	
Children's Health Insurance Program	93.767	540119	15,283	-	
Medical Assistance Program	93.778	1200119	673,819	-	
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	93.671	CVS-16-056-16	10,000	-	
Total Department of Health and Human Services					2,548,839
DEPARTMENT OF HOMELAND SECURITY:					
Direct payments:					
Staffing Adequate Fire and Emergency Response (SAFER)	97.083	Not Applicable	913,113	-	
Passed through the Commonwealth of Virginia:					
<u>Department of Emergency Services:</u>					
Emergency Management Performance Grants	97.042	EMP-2018-EP-00007	17,319	-	
Total Department of Homeland Security					930,432
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:					
Passed through the Commonwealth of Virginia:					
<u>Department of Housing and Community Development:</u>					
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawai	14.228	14-22	7,200	7,200	
Total Department of Housing and Urban Development					7,200
DEPARTMENT OF JUSTICE:					
Direct payments:					
State Criminal Alien Assistance Program	16.606	Not Applicable	12,435	-	
Bulletproof Vest Partnership Program	16.607	Not Applicable	11,716	-	
Passed through the Commonwealth of Virginia:					
<u>Department of Criminal Justice Services</u>					
Crime Victim Assistance	16.575	19-C34235A17	199,907	-	
Juvenile Justice and Delinquency Prevention	16.540	19-C3406JJ15	13,634	-	
Total Department of Justice					237,692
DEPARTMENT OF TRANSPORTATION:					
Direct payments:					
Airport Improvement Program	20.106	Not Applicable	1,824,016	-	
Passed through the Commonwealth of Virginia:					
<u>Department of Transportation:</u>					
Highway Planning and Construction	20.205	102828	216,583	-	
<u>Department of Motor Vehicles:</u>					
Highway Safety Cluster:					
State and Community Highway Safety	20.600	FSC-2018-58124-8124	2,135	-	
State and Community Highway Safety	20.600	FSC-2019-59142-9142	9,250	-	
Total Highway Safety Cluster	Total 20.600		11,385	-	
Alcohol Open Container Requirements	20.607	154AL-2018-58114-8114	8,516	-	
Alcohol Open Container Requirements	20.607	154AL-2019-559139-9139	11,949	-	
Total 20.607			20,465	-	
Total Department of Transportation					2,072,449

COUNTY OF FAUQUIER, VIRGINIA

Schedule of Expenditures of Federal Awards
Primary Government and Discretely Presented Component Unit
For the Period Ended June 30, 2019

Page 2 of 2

Federal Granting Agency/Pass-Through Agency/Grant Program	CFDA Number	Pass-Through Agency Identifying Number	Federal Expenditures	Amounts Provided to Subrecipients	Totals by Agency
DEPARTMENT OF THE TREASURY					
Direct Payments:					
Secret Service Task Force	21.000	Not Applicable	\$ 1,567	\$ -	\$
Passed through the Commonwealth of Virginia:					
<u>Office of the Attorney General</u>					
Equitable Sharing	21.016	Not Available	2,250	-	
Total Department of the Treasury					3,817
NATIONAL ENDOWMENT FOR THE ARTS					
Passed through the Commonwealth of Virginia:					
<u>Commission for the Arts</u>					
Promotion of the Arts Partnership Agreements	45.025	19-0296	990	-	
Total National Endowment for the Arts					990
Total Expenditures of Federal Awards - Primary Government					6,436,327
Component Unit - School Board:					
DEPARTMENT OF AGRICULTURE:					
Child Nutrition Cluster:					
<u>Department of Education:</u>					
School Breakfast Program	10.553	APE40253	452,321	-	
<u>Department of Education:</u>					
National School Lunch Program	10.555	APE40254	1,495,043	-	
<u>Department of Agriculture and Consumer Services:</u>					
National School Lunch Program - Commodities	10.555	Not Available	307,966	-	
Total 10.555			1,803,009		
Total National School Lunch Program			1,803,009	-	
Total Child Nutrition Cluster			2,255,330	-	
Total Department of Agriculture				-	2,255,330
DEPARTMENT OF DEFENSE:					
Direct Payments:					
Junior ROTC Program	12.000	Not Applicable	72,389	-	
Forest payments	12.000	Not Applicable	2,793	-	
Passed through the University of Maryland:					
Language Grant Program	12.900	Not Available	87,561	-	
Total Department of Defense				-	162,743
DEPARTMENT OF EDUCATION:					
Passed through the Commonwealth of Virginia:					
<u>Department of Education:</u>					
Title I Grants to Local Educational Agencies	84.010	APE42901	883,451	-	
Special Education Cluster (IDEA):					
Special Education Grants to States	84.027	APE43071	2,716,740	-	
Special Education Preschool Grants	84.173	APE62521	57,244	-	
Total Special Education Cluster (IDEA)			2,773,984	-	
Career and Technical Education -- Basic Grants to States	84.048	APE61095, APE61159	113,133	-	
English Language Acquisition State Grants	84.365	APE60509, APE60512	95,052	-	
Supporting Effective Instruction State Grant	84.367	APE61480	189,821	-	
Student Support and Academic Enrichment Program	84.424	APE60281	\$ 50,748	\$ -	
Total Department of Education				-	4,106,189
Total Expenditures of Federal Awards - Component Unit - School Board					6,524,262
Total Expenditures of Federal Awards - Reporting Entity					\$ 12,960,589

COUNTY OF FAUQUIER, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards
Fiscal Year Ended June 30, 2019

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the County of Fauquier, Virginia under programs of the Federal Government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Title 2, Code of Federal Regulations, Part 200 (2 CFR 200))*. Because the Schedule presents only a selected portion of operations of the County of Fauquier, Virginia, it is not intended to, and does not, present the financial position, changes in net position, or cash flows of the County of Fauquier, Virginia.

Note 2 - Summary of Significant Accounting Policies

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Title 2, Code of Federal Regulations, Part 200 (2 CFR 200))*, wherein certain types of expenditures are not allowable, or are limited as to reimbursement.

(2) Pass-through entity identifying numbers are presented where available.

(3) The County did not elect to use the 10% de minimus indirect cost rate.

Note 3- Food Donation

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

Note 4 - Relationship to Financial Statements

Federal expenditures, revenues, and capital contributions are reported in the County's basic financial statements as follows:

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund	\$	3,467,481
Capital Projects Fund		202,646
Debt Service Fund		398,650
Fire and Rescue Fund		930,432
Other Governmental Funds		7,200
Airport Fund		<u>1,824,017</u>
Total primary government		<u>6,830,426</u>

Component Unit – School Board:

School General Fund		4,268,932
School Nutrition Fund		<u>2,255,330</u>

Total component unit school board 6,524,262

Total federal revenues per basic financial statements 13,354,688

Reconcile Federal revenues to expenditures

Less: Payments in Lieu of Taxes	(2,840)
Less: Federal Tax Credit Subsidy on QSCB Bond	(398,650)
Less: Memo of Understanding with Homeland Security Investigations	(5,945)
Less: Social Security Incentive Payment	(600)
Add: Repayment back of Federal Funds expended in prior years under CFDA# 20.205, UPC 87017 to the Virginia Department of Transportation	13,936
Total reconciling items	<u>(394,099)</u>

Total expenditures reimbursed by federal revenues 12,960,589

Total federal expenditures per the Schedule of Expenditures of Federal Awards \$ 12,960,589

COUNTY OF FAUQUIER, VIRGINIA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2019

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiency(ies) identified? No

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiency(ies) identified? None reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with
2 CFR Section 200.516(a)? No

Identification of major programs:

CFDA #	Name of Federal Program or Cluster
97.083	Staffing for Adequate Fire and Emergency Response (SAFER)
20.106	Airport Improvement Program
84.010	Title I Grants to Local Educational Agencies

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes

Section II - Financial Statement Findings

There are no financial statement findings to report.

Section III - Federal Award Findings and Questioned Costs

There are no federal award findings and questioned costs to report.

Section IV - Prior Year Findings

There are no prior year findings to report.

