

COUNTY OF FAUQUIER, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2020





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Fauquier County Government and Public Schools



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March 4, 2021

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

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of Fauquier County (the County) for the fiscal year ended June 30, 2020. 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, 2020 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the County's financial statements are fairly presented in conformity with GAAP.

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

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

Profile of Fauquier County, Virginia

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

More than half of the land area within the County is comprised of farmlands and woodlands and is primarily rural in nature. The County's mission aims to preserve the physical beauty, historical heritage, and environmental quality of the County.

Fauquier County is well-known for its pristine countryside, international equestrian industry, over 26 wineries, and quaint small towns.



As of June 2020, the population of Fauquier County is estimated at 70,560, with an average annual growth rate of about 0.8% over the last 10 years.

The County seat is located in the Town of Warrenton in central Fauquier County. In addition to Warrenton, Fauquier County includes the 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, which was established in fiscal year 2007.

Budget

Virginia law requires the County to maintain a balanced budget in each fiscal year. The annual budget serves as the foundation for the County's financial planning and control. Prior to April 1st, public hearings are conducted to obtain citizen comments and 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.

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

Factors Affecting Financial Condition

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

Local Economy

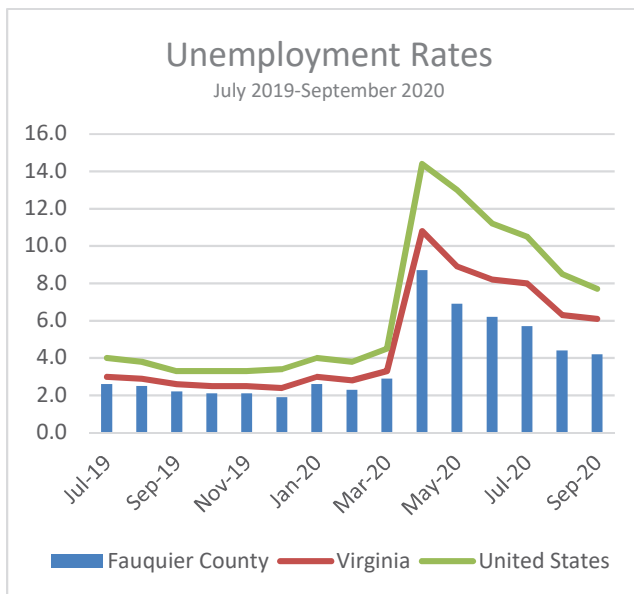
Fauquier County's Board of Supervisors has defined in the County's mission statement that the Board seeks, within the bounds of fiscal integrity, to preserve the physical beauty, historical heritage, and environmental quality of the County. Preserving the rural nature of the County has resulted in slower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

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

In addition to its growth management policies, the Board of Supervisors has actively sought to preserve the farms and agriculturally related uses in its rural areas by establishing and funding a conservation easement program. The program purchases 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.

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

While many localities across Virginia and the United States have experienced an economic effect from COVID-19 with reductions in their more vulnerable revenues, Fauquier County has not experienced as significant of an impact to our sources of revenue. Sales tax collections at the end of fiscal year 2020 trended positively with an 18.8% increase over collections at the same time in the previous fiscal year, with expectations of stable returns into fiscal year 2021. It was anticipated that the COVID-19 pandemic would have a negative impact on the collections of property taxes in June 2020 and into the next fiscal year as legislation at the federal level provide relief (moratorium on evictions and foreclosure forbearances) to renters and homeowners who may have experienced financial hardship as a result of the pandemic response. While there has been uncertainty with respect to economic conditions, real estate collections during the pandemic have been relatively stable and collection rates have been in line with previous years' collections with limited impacts related to the federal actions. Arrangements have been made with taxpayers needing assistance due to pandemic, but for the most part, these arrangements have not had any significant impact real estate tax revenues. Uncertainty continues to exist as federal relief is set to expire.

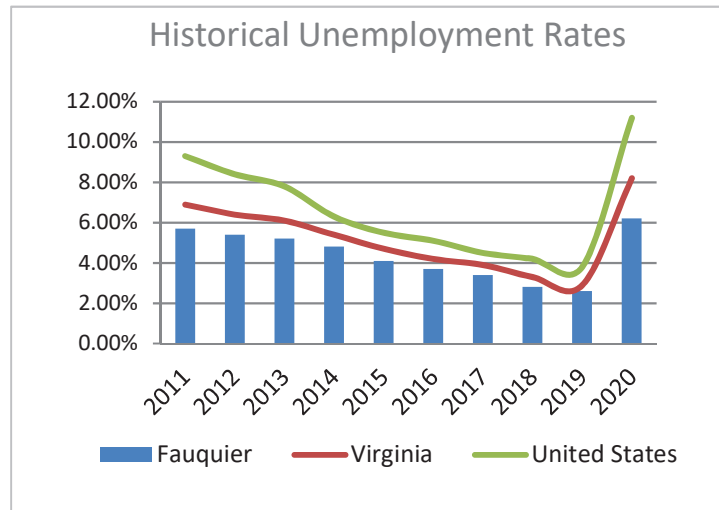


Source: U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics and Labor Force Statistics (not seasonally adjusted)

Until February of 2020, the County's unemployment rate was relatively low averaging 2.3% from July 2019 through February 2020. Unemployment rates across the United States, Virginia and Fauquier County have been greatly impacted by response at various levels of government to the COVID-19 pandemic beginning in February of 2020. Safety precautions including stay at home orders, recommendations to social distance, shift to teleworking have caused many businesses to close temporarily and permanently, reduce working hours and therefore pay, and lay off workers. The County's unemployment rate peaked in April 2020 at 8.7% and has begun to rebound as state and local mandates for lockdowns were eased, while local and regional employers have adapted their service and business delivery models where necessary to continue to meet their business demand. After April,

unemployment claims in Fauquier County trended downward as evidenced in the steady decline in the unemployment rate and in new and continued unemployment claims, in subsequent months. While uncertainty continues to exist around the short and long term impacts the COVID-19 pandemic will have on unemployment, the County continues to experience far lower unemployment rates than Virginia and the United States and the gap between unemployment in Fauquier County and in Virginia and the United States has widened in more recent months. In addition, Fauquier has partnered with local workforce and educational institutions like Lord Fairfax Community College to expand available workforce retraining and certification programs for those impacted by changing workforce requirements as a result of COVID.

Unemployment rates over the last ten years had been steadily declining in Fauquier County up until the COVID-19 pandemic. This trend reflects modest job growth, as the economy steadily recovered from the economic downturn of 2009 through 2011. 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, while also establishing and supporting other employment sector businesses. As of June 2020, 51.9% of the County's total population participated in the labor force and 93.8% of the civilian labor force was employed.



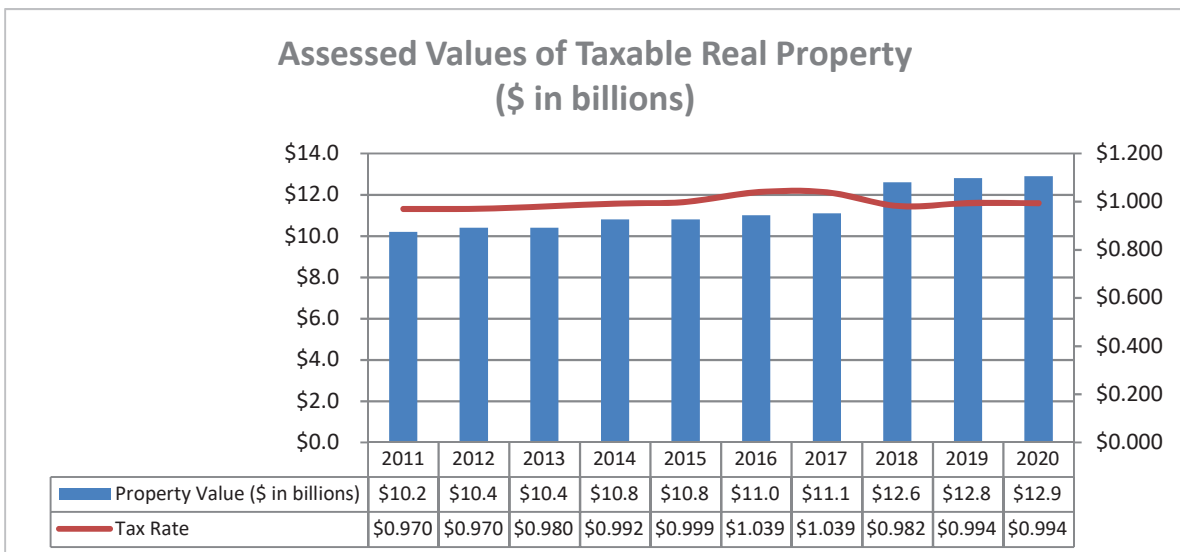
Source: U.S. Bureau of Labor Statistics at June of each year (not seasonally adjusted)

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

The real property tax rate has been steadily increasing over the last ten years in order to meet increasing costs of services. As assessed values increased after reassessment in 2017, the real property tax rate was lowered and has remained relatively flat over the last three years. The collection rate for property tax levies within the fiscal year of the levy for tax year 2020 was 98.7% as compared with 99.84% in tax year 2019, as well as federal actions as a result of the pandemic.

The local real estate housing market is consistently improving over the last ten years with current assessed values on an increasing trend among different classes of property, with annual adjustments between reassessments relative to new construction or improvements. These additions and improvements, increased residential values by 1.1% from the prior year, while commercial values increased 0.8%, and agricultural values increased 0.5% over the previous year. Public service values decreased by 1.3% as compared with the prior year, but these values are set by the State Corporation Commission and outside of the authority of the locality.

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



Despite the COVID-19 pandemic, the County's General Fund ended fiscal year 2020 with a surplus of \$1.6 million over amended budget with revenues exceeding expenditures by \$0.4 million. The County received assistance passed through the Commonwealth of Virginia from the Federal Coronavirus Relief Fund (CRF) in fiscal year 2020 in the amount of \$6.2 million and subsequent to the end of fiscal year 2020, another allotment of \$6.2 million in fiscal year 2021. A total of \$1.9 million of funds received by the County will be or have passed on to the three incorporated towns within the County, Towns of Warrenton, Remington, and The Plains.

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

Economic Development

The primary goal of the County's economic development efforts is to assist existing businesses as they grow and expand within the County; while seeking to support new business growth and . The majority of businesses in Fauquier County are small, with 90% having fewer than 20 employees. When attracting new business opportunities, the economic development program seeks to locate those companies into the eight service districts within the County, with approved Tourism, Technology, Green Development and Defense Production Zones. In fiscal year 2020, there were 71 new startup firms in the County. The County has also entertained a limited number of larger prospects which mutually support the business and County's goals and vision. In addition, the County continues to support three business incubators geographically located to support entrepreneurial initiatives, business assistance, and growth of small businesses.

Additional highlights of economic development benefits during 2020 include the following:

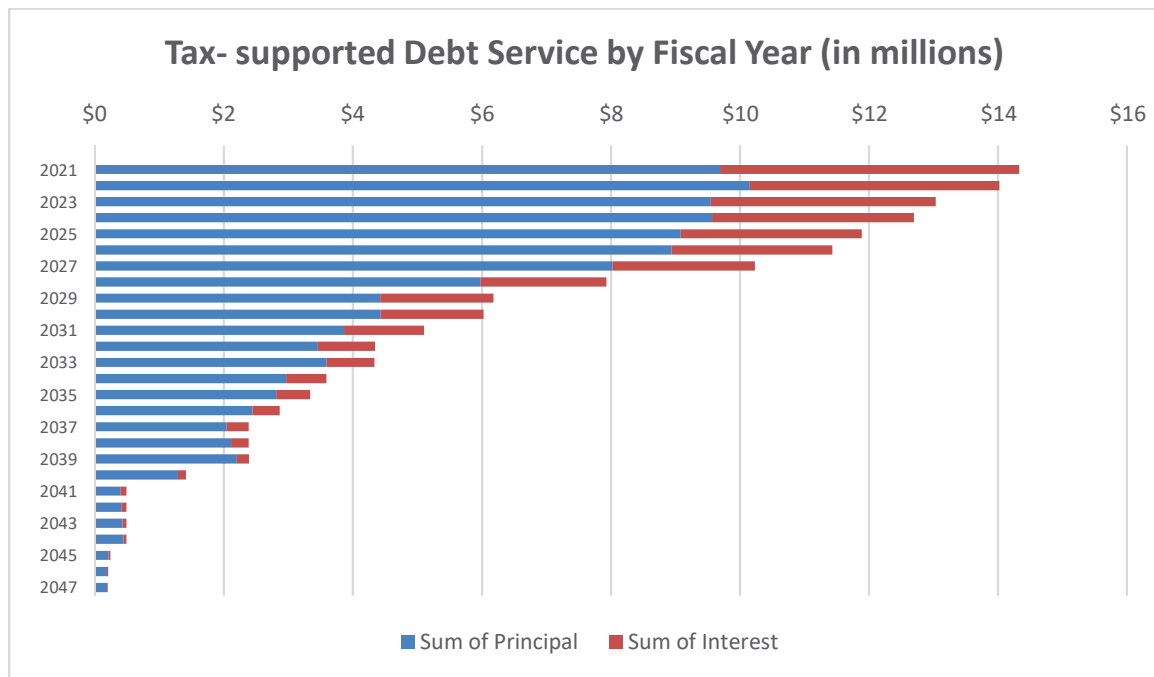
- Continued implementation of the Economic Development strategy by adding additional jobs and expansion of the tax base. The business portion of the County's tax revenues has increased steadily over the last five fiscal years from \$21.4 million in FY2015 to over \$26 million in FY2020.
- Continue to strengthen the relationship with the Town of Warrenton through various initiatives, including a contract with Retail Strategies to grow the retail sector within the Towns and throughout the County.
- Continue partnership with Virginia Economic Development Partnership (VEDP) by identifying prospects to maximize and increase commercial tax base. VEDP has been a key partner in attracting several key data center prospects and the interest continues to grow. Fauquier County is well positioned for significant investment by data centers over the next few years.
- Work with the Rappahannock-Rapidan Regional Commission's Regional Tourism Committee (with five participating counties Fauquier, Rappahannock, Culpeper, Orange, and Madison) on regional tourism initiatives and promotion of the Tween Rivers Trail – a regional Agri-Tourism initiative.
- The County held its 6th Wine Competition in February 2020, ticket sales have increased to nearly 500 attendees, and 15 wineries participating.
- The Micro Loan Program continues to provide low interest business loans to small businesses with all loans paid back fully and the outstanding loans performing 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 \$45,000.
- At the Warrenton-Fauquier Airport/Midland Service District, expansion of a sewer extension in partnership with Fauquier County Water and Sanitation Authority is currently under conceptual review. This will enable future development of Airport property and adjacent commercial and industrial parcel site development.

In the Marshall Service District, construction of the Whiting Road Utility Railway Crossing is to begin in early 2021. This project will improve connectivity and infrastructure for commercial and industrial property through the Route 17/Interstate 66 Business Park, and support the purchase and development of remaining parcels. Tax revenues continue to increase within the park with the completion of a \$7 million capital investment by The Pruitt Corporation. Construction will begin in early 2021 by Applied Plasma Technologies, relocating from Fairfax County and set to invest over \$5 million in a new test facility in 2021.

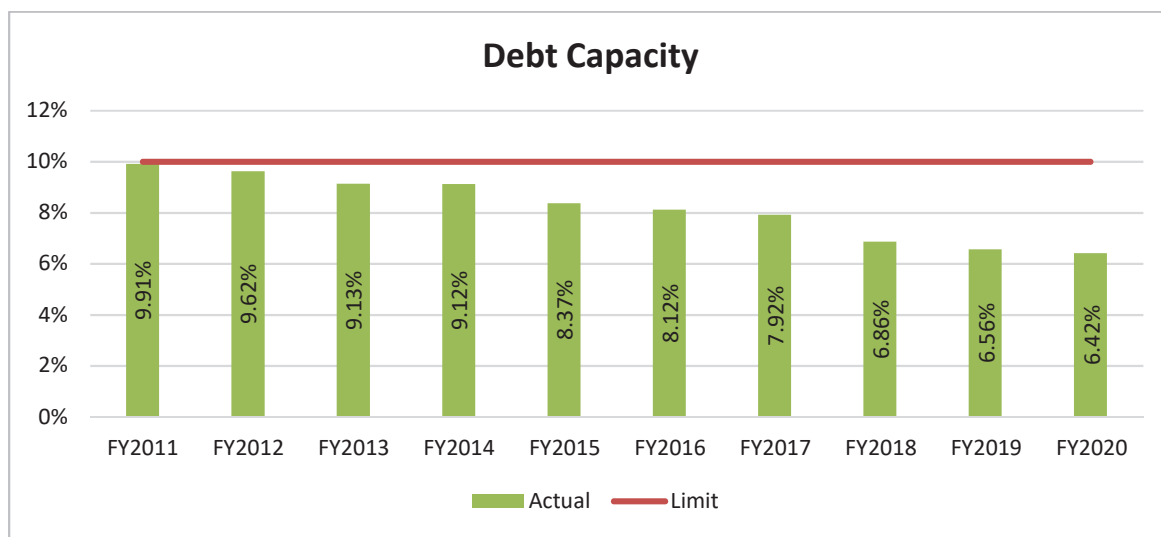
- The County and Lord Fairfax Community College (LFCC) continue their partnership on a Workforce Development Program in development of programs designed to meet the needs of our growing businesses. Plumbing, Electrical, HVAC and Heavy Equipment operator programs continue to support local contractors with certification programs. Certification programs have been designed to meet the need of the data center and cyber security industry. In addition, specific retraining and certification programs were implemented during the COVID pandemic with CRF funding support.
- During the COVID pandemic, through use of CRF funding in partnership with the Economic Development Authority, the County was able to make over \$350,000 in business grants available to support existing County businesses. The original 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 CARES funding was used to distribute grants to over 52 business to assist with additional expenses to operate and pivot their operation during the pandemic.
- 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 data center continues to expand their operation at Vint Hill. Their first US Corporate location has exceeded its projected investment of over \$170 million. Dark fiber infrastructure is complete and serves OVH. The County's investment of \$1 million has yielded ownership of 25% of the strands for future development needs.
- VaData, Inc. continues to substantially expand their investment and facility just outside of Warrenton.
- SPARC Research a local defense contractor has maintained their headquarters in Fauquier County and is investing over \$5 million in a manufacturing and testing facility at Vint Hill.
- The Puller Veterans Care Center, a 128-bed facility designed to serve Virginia's veterans, is under construction at Vint Hill and is anticipated to open in 2022. 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 Hospital Center for Cancer Care facility was completed with an investment of over \$12.4 million. This is indicative of the growing demand for high quality healthcare services in Fauquier County.
- 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.
- The PATH Foundation, a local philanthropic charitable foundation has invested in the community with over \$30 million in grants and programmatic support to local non-profits and government agencies. An endowment of \$200 million is expected to serve our area for generations to come.
- The County continues to actively participate in the statewide GO VA program that has funded a regional economic development strategy in all regions of the state. GO VA has more than \$20 million for economic development projects for which regions around the state will compete, 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 young entrepreneurs through partnerships with public and private high schools in the area.

Tax-Supported Debt

The County's debt portfolio shows a continually improving debt picture with ample capacity to move forward with the adopted Capital Improvement Plan. Additionally, the County's debt portfolio exhibits rapid amortization, with required debt service on current tax-supported debt and commitments dropping from \$13.5 million for fiscal year 2020 to \$6.0 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 based on the County's real estate tax levy funds. The County has maintained ample room in its self-imposed debt capacity, which is currently at 6.42%, 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 (FY2011 through FY2013) 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.



Credit Rating

The County continues to maintain strong bond ratings, with a rating of 'AAA' from Fitch Ratings, a rating of 'AA+' from Standard & Poor's, and a rating of 'Aa1' from Moody's Investors Service. The rating agencies cited

the County's strong economy, budgetary flexibility, high level of liquidity, and strong management practices, among other factors, as reasons for their ratings. Both Fitch and Standard & Poor's deemed the County's rating outlook to be stable, while Moody's provided no outlook.

Long-Term Financial Planning

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

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

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

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

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

Relevant Financial Policies

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

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

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, 2019. This was the twenty-second 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 2020. Fauquier County has received this award for twenty-two 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, Office of Management and Budget, 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,



Paul McCulla
County Administrator



Terrilyn S. Pete
Director of Finance



Government Finance Officers Association

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

Presented to

**County of Fauquier
Virginia**

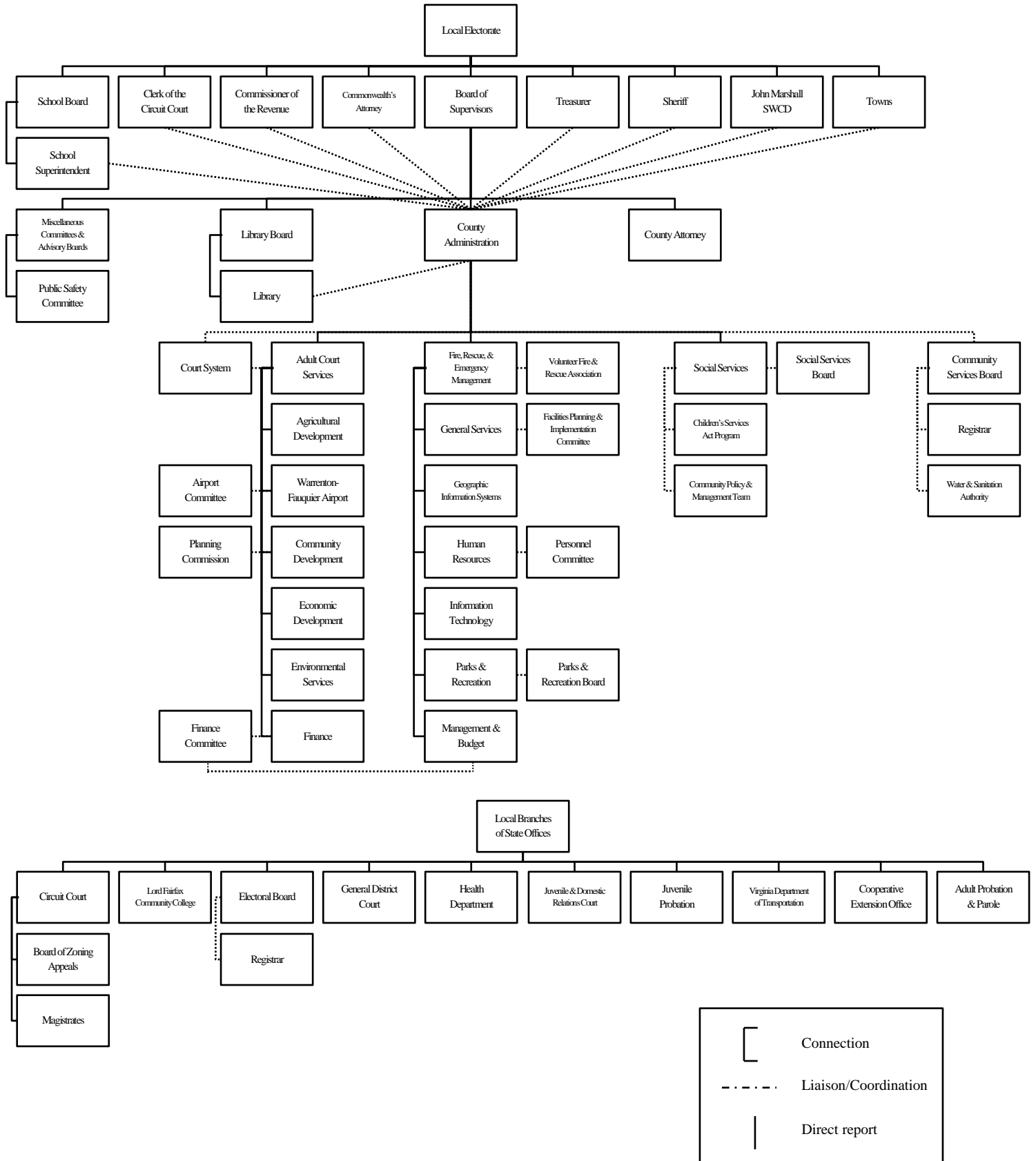
For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morrell

Executive Director/CEO

FAUQUIER COUNTY ORGANIZATIONAL CHART



**COUNTY OF FAUQUIER, VIRGINIA
PRINCIPAL OFFICIALS**

BOARD OF SUPERVISORS

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

COUNTY ADMINISTRATION

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

COUNTY SCHOOL BOARD

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

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

CONSTITUTIONAL OFFICERS

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

This Report Prepared By:

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

Finance Director – Terrilyn S. Pete
Accounting Manager – Belinda Deal
Ashley Foster • Brenda Lawrence • Suki Patel • Melissa Pitts • Dana Ruckert





Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Fauquier, Virginia, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Fauquier, Virginia, as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, Fire and Rescue Fund and Coronavirus Aid, Relief, and Economic Security (CARES) 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 2020, the County adopted new accounting guidance, GASB Statements 89 *Accounting for Interest Incurred before the End of a Construction Period*. Our opinion is not modified with respect to this matter.

Restatement of Beginning Balances

As described in Note 1 to the financial statements, in 2020, the County restated beginning balances related to amounts due from other governments and to report the Economic Development Authority as a component unit. Our opinion is not modified with respect to this matter.

Correction of Errors

As described in Note 21 to the financial statements, the County discovered errors subsequent to the previously issued financial statements. These financial statements have been restated to reflect corrections, which are disclosed in Note 21. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and schedules related to pension and OPEB funding on pages 19-34, and 143-155 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2020, on our consideration of the County of Fauquier, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of County of Fauquier, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Fauquier, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Fredericksburg, Virginia

December 4, 2020 except for Note 21, as to which the date is March 4, 2021



MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the County of Fauquier, Virginia presents the following discussion and analysis as an overview of the County of Fauquier's financial activities for the fiscal year ending June 30, 2020. 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 2020 FINANCIAL HIGHLIGHTS

- The reporting entity, which includes the School Board component unit, had positive net position of \$124.3 million at June 30, 2020, which represents an increase of 15.3% or \$16.6 million from net position at June 30, 2019 of \$107.7 million, as restated.
- The total cost of the County's programs or governmental activities, was \$198.9 million, a decrease of \$0.9 million, or 0.5 % from the prior year's cost of \$199.8 million. Total revenues for governmental activities decreased \$0.8 million or 0.4% to \$219.3 million from the prior year.
- Net position of the County's governmental activities increased by \$7.2 million from the prior year, as compared to an increase of \$18.4 million in fiscal year 2019.
- At June 30, 2020, the primary government had \$96.4 million (\$91.7 million in unpaid principal balance and \$4.7 million in premium) of long-term debt outstanding. This includes \$53.0 million of general obligation bonds, \$22.6 million of financing leases, \$8.3 million of capital leases, and \$0.2 million of pooled financings for governmental activities, and \$6.3 million in financing leases and \$1.3 million in revenue bonds for business-type activities. In addition, the primary government has \$1.0 million in deferred charges on refundings.
- The County's business-type activities (the Airport, Landfill, and Sewer) had a combined positive net position of \$15.9 million, an increase of \$12.1 million from the prior year, as restated. This is due mainly to decreased expenses of \$1.4 million from the prior year and an increase of \$11.7 in transfers from other funds to the Landfill and Recycling Fund.
- The School Board component unit had positive net position of \$32.6 million at June 30, 2020, which represents a decrease of \$2.7 million, or 7.6% from the prior year. Revenues, including the County contribution, totaled \$151.1 million, an increase of \$2.7 million from the prior year, and expenses totaled \$153.8 million, an increase of \$7.7 million from prior year's expenses. The increase in revenue was due primarily to an increase in contribution from the County and grants and contributions from state and federal sources. Expenses increased mainly due to increased pension and OPEB expenses.
- As of June 30, 2020, the County governmental funds reported combined fund balances of \$70.0 million, a decrease of \$6.6 million from the prior year. The County's General Fund had a total fund balance of \$32.6 million at June 30, 2020. Of the General Fund balance, \$6.3 million, or 19.3% was assigned fund balance, 20.6 million, or 63.1% 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 \$1.7 million over the amended budget. Expenditure savings of \$10.3 million were the result of \$3.1 million savings in the contribution to the School Board component unit and \$7.2 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 2019 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 15)
- the Schedule of Changes in the Net Pension Liability (Asset) and Related Ratios (Exhibit 16)

- the Schedule of Changes in the Net OPEB Liability and Related Ratios (Exhibit 17)
- the Schedule of the Proportionate Share of the Virginia Retirement System's Net Pension and OPEB Liability (Exhibit 18)

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 units as well as other supporting schedules.

Government-Wide Financial Statements

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

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

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

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

- **Governmental activities:** Most of the County's basic services are reported here, including general government administration, judicial administration, public safety, public works, health and welfare, education, parks, recreation and cultural, and community development. These activities are financed primarily by property taxes, other local taxes, and Federal and 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 units:** The County has two component units, the Economic Development Authority, for which a benefit/burden relationship exists, and the Fauquier County Public School Board (School Board), for which the County is financially accountable. 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 Economic

Development Authority and the School Board are legally separate entities and are discretely presented in this annual financial report.

The County has one blended component unit, the Fauquier County Broadband Authority (Broadband Authority). Activity of the Broadband Authority is presented within the primary government. Additional information on the component units can be found in Note 1 of the Notes to Financial Statements section of this report.

Fund Financial Statements

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

- **Governmental Funds** – Most of the County's basic services are 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 the following five major funds:

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

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 component units, had positive net position of \$124.3 million at June 30, 2020. Net position increased from the prior year by \$16.6 million, which reflects current year revenues exceeding expenses by this amount.

Table 1 County of Fauquier Summary of Net Position (\$ in millions)									
	Governmental Activities		Business-Type Activities		Total Primary Government		Total Reporting Entity Including Component Units		
	2020	2019	2020	2019	2020	2019	2020	2019	
Assets:									
Current and other assets	\$ 116.2	121.6	0.2	(8.1)	116.4	113.5	140.9	141.0	
Capital assets, net	87.3	74.4	41.8	38.2	129.1	112.6	298.5	283.2	
Total assets	203.5	196.0	42.0	30.1	245.5	226.1	439.4	424.2	
Deferred outflows of resources:									
Total deferred outflows of resources	9.0	5.7	0.5	0.4	9.5	6.1	36.9	21.0	
Liabilities:									
Other liabilities	37.0	28.6	1.9	1.6	38.9	30.2	195.4	172.6	
Long-term debt obligations	96.9	101.3	24.6	25.0	121.5	126.3	136.4	141.1	
Total liabilities	133.9	129.9	26.5	26.6	160.4	156.5	331.8	313.7	
Deferred inflows of resources:									
Total deferred inflows of resources	2.9	3.3	0.1	0.1	3.0	3.4	20.2	23.8	
Net position:									
Net investment in capital assets	60.8	58.8	33.6	29.8	94.4	88.6	199.1	193.0	
Restricted	9.3	7.6	0.4	0.8	9.7	8.4	10.8	10.3	
Unrestricted (deficit)	5.6	2.1	(18.1)	(26.8)	(12.5)	(24.7)	(85.6)	(95.6)	
Total net position	\$ 75.7	68.5	15.9	3.8	91.6	72.3	124.3	107.7	

Table 1 may differ from Exhibit 1 due to rounding.

The Primary Government: The primary government had net position of \$91.6 million at June 30, 2020, which reflects an increase of \$19.3 million from the prior year. The largest portion of net position, \$94.4 million, represents the County's investment in capital assets (e.g., land, buildings, and equipment) less the depreciation and outstanding debt associated with asset acquisitions. Total restricted and unrestricted net position of the primary government combined was negative \$2.8 million.

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, 2020 was \$60.4 million (which includes \$1.9 million in premium). Refer to Note 8 and Note 9 for further details regarding long-term obligations and commitments.

Business-Type Activities: Business-type activities had combined net position of \$15.9 million at June 30, 2020, which consisted of positive net position of \$24.6 for the Airport Fund and negative net position of \$11.0 million for the Landfill and Recycling Fund, and positive net position of \$2.3 million for the Sewer Fund. The largest portion of net position, \$33.7 million, reflects investment in capital assets, net of depreciation and outstanding debt. The unrestricted net position for business-type activities at June 30, 2020 was a deficit of \$18.1 million, which reflects a 32.5% decrease from the deficit of \$26.8 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 \$7.2 million compared to an increase of \$18.4 million in fiscal year 2019.

Revenues from governmental activities for fiscal

year 2020 totaled \$219.3 million, a decrease of \$0.8 million from fiscal year 2019. Taxes comprised the largest source of revenues, totaling 173.7 million, of which general property taxes account for \$155.0 million, or 69.4% of total revenues. Program revenues (charges for services, operating and capital grants and contributions) generated a total of \$29.4 million, or 13.3% of total revenues, while investment income, miscellaneous revenues, and revenues from grants and contributions not restricted to specific programs totaled \$20.2 million, or 9.0% of revenues.

Real and personal property tax revenue increased by \$2.9 million, or 1.9% primarily attributable to increased 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 \$1.0 million or 10.1% from the prior year. Consumers' utility taxes, business and professional tax revenue, taxes on recordation and wills, motor vehicle taxes, and other local taxes, collectively increased by \$0.5 million or 4.3% from the prior year. Non-program specific grants and

■ Charges for services

■ Operating grants and contributions

■ Capital grants and contributions

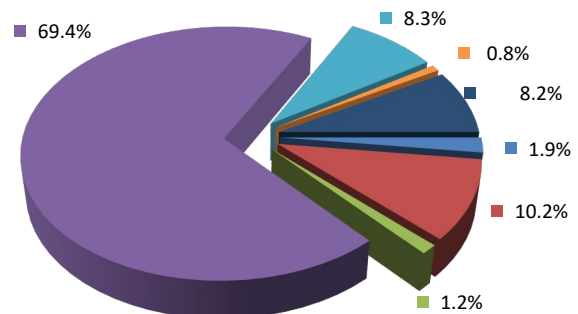
■ Real and personal property taxes

■ Other taxes

■ Investment income and miscellaneous

■ Grants & contributions (non-program specific)

Governmental Activities - Revenues by Source
For the Fiscal Year June 30, 2020



contributions saw an increase of \$1.4 million while charges for services decreased by \$0.4 million in fiscal year 2020.

Table 2 summarizes the changes in net position from Exhibit 2 in the Financial Section for the primary government and its component units at June 30, 2020 and 2019.

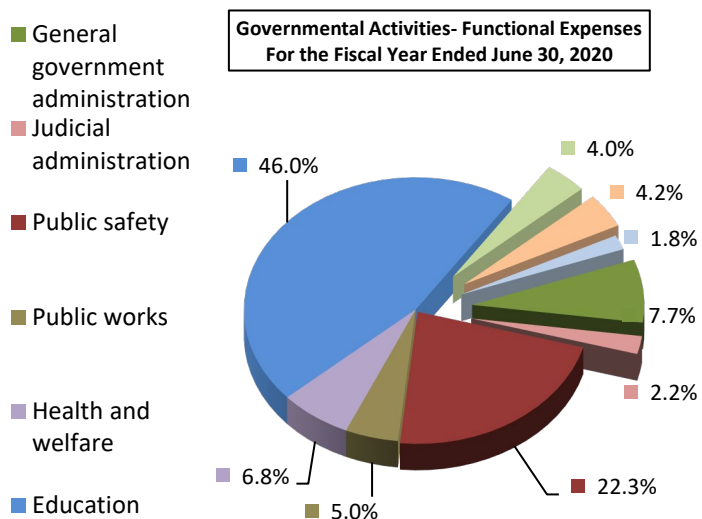
Table 2 County of Fauquier Changes in Net Position (\$ in millions)								
	Governmental Activities		Business-Type Activities		Total Primary Government		Total Reporting Entity Including Component Units	
	2020	2019	2020	2019	2020	2019	2020	2019
Revenues								
Program revenues:								
Charges for services	\$ 4.2	4.7	4.3	4.3	8.5	9.0	10.9	12.2
Operating grants and contributions	19.5	23.2	-	0.1	19.5	23.3	42.9	43.0
Capital grants and contributions	2.6	3.7	3.9	4.6	6.5	8.3	6.5	8.3
General revenues:								
Real and personal property taxes	155.0	152.1	-	-	155.0	152.1	155.0	152.1
Other taxes	18.6	17.1	-	-	18.6	17.1	18.6	17.1
Investment income and miscellaneous	1.8	2.2	0.1	0.1	1.9	2.3	3.1	4.1
Grants and contributions	17.6	17.1	-	-	17.6	17.1	52.0	50.8
Contribution to schools	-	-	-	-	-	-	92.3	89.9
Total revenues	219.3	220.1	8.3	9.1	227.6	229.2	381.3	377.5
Expenses								
General government administration	15.3	12.8	-	-	15.3	12.8	15.3	12.8
Judicial administration	4.4	4.1	-	-	4.4	4.1	4.4	4.1
Public safety	44.4	51.1	-	-	44.4	51.1	44.4	51.1
Public works	10.0	10.0	-	-	10.0	10.0	10.0	10.0
Health and welfare	13.5	13.6	-	-	13.5	13.6	13.5	13.6
Education	91.6	90.3	-	-	91.6	90.3	245.4	236.4
Parks, recreation, and cultural	7.9	6.8	-	-	7.9	6.8	7.9	6.8
Community development	8.3	7.8	-	-	8.3	7.8	10.9	7.9
Interest on long-term debt	3.5	3.3	-	-	3.5	3.3	3.5	3.3
Airport	-	-	1.1	1.0	1.1	1.0	1.1	1.0
Landfill and recycling	-	-	8.3	9.7	8.3	9.7	8.3	9.7
Sewer	-	-	-	-	-	-	-	-
Total expenses	198.9	199.8	9.4	10.7	208.3	210.5	364.7	356.7
Increase (decrease) in net position	20.4	20.3	(1.1)	(1.6)	19.3	18.7	16.6	20.8
Transfers	(13.2)	(1.9)	13.2	1.9	-	-	-	-
Change in net position	7.2	18.4	12.1	0.3	19.3	18.7	16.6	20.8
Beginning net position, restated	68.5	50.1	3.8	3.5	72.3	53.6	107.7	86.9
Ending net position	\$ 75.7	68.5	15.9	3.8	91.6	72.3	124.3	107.7

Table 2 may differ from Exhibit 2 due to rounding.

Total expenses for governmental activities for this fiscal year were \$198.9 million, a decrease of \$0.9 million from \$199.8 million in fiscal year 2019. Public safety expenses, which were 22.3% of expenses, decreased \$6.7 million from the prior year primarily due to contribution to volunteer stations to pay off outstanding to pay off outstanding Rural Development Loans from the United States Department of Agriculture in the prior fiscal year.

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

Education continued to be the County's largest program and highest priority with the County's contribution totaling \$91.6 million, or 46.0 % of total expenses. Included in this contribution was approximately \$0.9 million in support of School Board purchased of school buses and grant related programs. The School Board component unit incurred indirect expenses related to consolidated services provided by County departments to both County and Schools. Typically, school systems bear these costs directly, however with the consolidation of departments in Fauquier County, these costs were reported within the County's governmental activities in the General Fund. These consolidated departments included Human Resources, Finance, the Independent Auditor, and General Services, which provides maintenance of buildings and grounds.



As shown in Exhibit 7 of the Financial Section of this report, these functions totaled approximately \$9.2 million in fiscal year 2020. Allocation of the cost of these consolidated functions associated with educational activities is approximately \$6.5 million based on the County's latest cost allocation plan. Recognizing these costs as a function of education increases educational functional expenses to approximately 49.3% of total expenses.

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

Table 3 County of Fauquier Net Cost of Governmental Activities For the Fiscal Years Ended June 30, 2020 and 2019 (\$ in millions)					
	Total Cost of Services		Net Cost of Services		
	2020	2019	2020	2019	
General government administration	\$ 15.3	12.8	13.3	12.2	
Judicial administration	4.4	4.1	2.4	1.8	
Public safety	44.4	51.1	36.4	37.4	
Public works	10.0	10.0	8.7	6.3	
Health and welfare	13.5	13.6	5.7	6.5	
Education	91.6	90.3	91.6	90.2	
Parks, recreation, and cultural	7.9	6.8	4.8	5.3	
Community development	8.3	7.8	6.2	5.2	
Interest on long-term debt	3.5	3.3	3.5	3.3	
Total	<u>\$ 198.9</u>	<u>199.8</u>	<u>172.6</u>	<u>168.2</u>	
Table 3 may differ from Exhibit 2 due to rounding.					

After recognizing the effect of revenue from these fees, grants, and contributions of \$ 26.3 million, the net cost of governmental activities was \$172.6 million, compared to a total cost of \$198.9 million.

Business-type activities: Business-type activities are generally intended to be at least partially self-supporting, and fees are established to recover the cost of providing the services. Revenues for the County's business activities, which are primarily user fees or charges for services and capital contributions and grants, decreased by \$0.8 million, or 8.8% from the prior year to \$8.3 million. This net decrease is due primarily to a decreased funding of \$0.7 million in state and federal grants in the Airport Fund as the Terminal Building project moves closer to completion, and a decrease in recycling revenues in the Landfill and Recycling Fund of \$0.2 million.

Total expenses for business-type activities were \$9.4 million, a decrease of 12.1%, or \$1.3 million, from the prior year. This decrease is due to mainly to decreased expenditures for contractual services and Landfill closure and post closure liability in the Landfill and Recycling Fund.

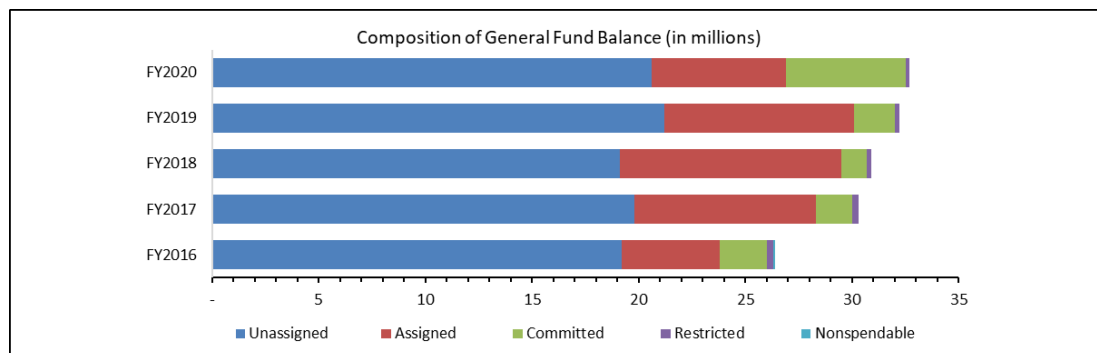
FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

Governmental Funds: As of June 30, 2020, the County's governmental funds reported a combined ending fund balance of \$70.0 million, a decrease of \$6.6 million in comparison with the prior year's fund balance. This increase reflects the following activity in governmental funds:

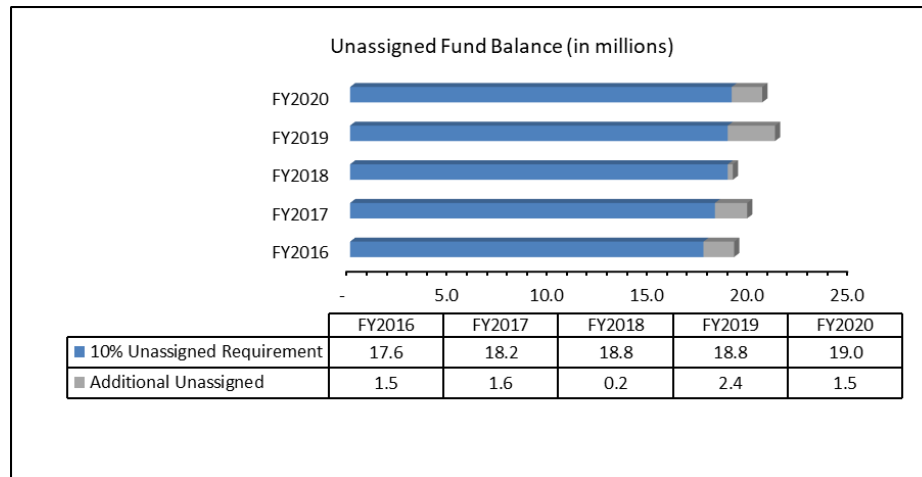
- The Capital Projects Fund, reported a total fund balance of \$26.2 million, a decrease of \$4.0 million from the prior year. Revenues decreased by \$0.6 million due to a decrease in miscellaneous revenue of \$1.7 million offset by a \$1.0 million increase in revenue from gifts and donations. Net transfers to the fund decreased by \$2.5 million and expenditures increased by \$9.1 million from the prior fiscal year. The increase in expenditures is due primarily to \$9.1 million increase in Parks, Recreational and Cultural expenditures due to construction of the Central Sports Complex.
- The Debt Service Fund, reported a total fund balance of \$0.1 million, which is consistent with the prior year. During fiscal year 2020, \$12.9 million in debt principal and interest payments were made.

- The Fire and Rescue Fund, reported a total fund balance of \$2.5 million, a decrease of \$4.3 million from the prior fiscal year. Revenues increased by \$0.2 million, or .9% from the prior year primarily due to increased tax revenue from the Fire and Rescue Levy. Expenditures decreased by \$1.7 million primarily decrease in expenditures of \$3.5 million on the Orlean Fire Station project which was substantially completed in the prior year offset by increased personnel costs of \$1.8 million.
- The Coronavirus Aid, Relief, and Economic Security (CARES) Fund was established in fiscal year 2020 to account for aid from the Federal government passed through the Commonwealth of Virginia to be used for responding to the COVID-19 pandemic. The CARES fund reported zero fund balance as all unspent funds are included as unearned revenue on the balance sheet on Exhibit 3. At June 30, 2020, the amount of funding that was not spent in fiscal year 2020 was \$3.9 million.
- Other Nonmajor Governmental Funds, reported combined total fund balances of \$8.2 million, an increase of \$1.2 million in fund balance over prior year. Revenues decreased by \$0.4 million, due mainly to decreases in gifts and donations in the Library, Proffer, and Vint Hill Community Enrichment Funds, and decrease in revenue from the Commonwealth of Virginia and the Federal government in the Conservation Easement Fund. Expenditures decreased by \$.5 million due mainly to decreased spending on purchase development rights in the Conservation Easement Fund.
- The General Fund reported a total fund balance of \$32.6 million, an increase of 1.6%, or \$0.4 million from the prior year's fund balance, of \$32.2 million. Revenues increased by \$3.3 million, while expenditures increased by \$3.1 million mainly due to:
 - \$0.6 million increase in Public Safety expenditures due to increased costs for law enforcement and traffic control and correction and detention.
 - \$2.4 million increase in contributed operating funds to the School Board component unit for operations.
 - \$0.6 increase in Health and Welfare expenditures due to increased costs for Comprehensive Services Act and also increased costs for services to clients.
 - \$0.2 decrease each in General Government Administration expenditures and Public Works expenditures, and \$0.3 decrease in Parks, Recreation and Cultural expenditures.

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 20.6 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 2020 was \$19.0 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.

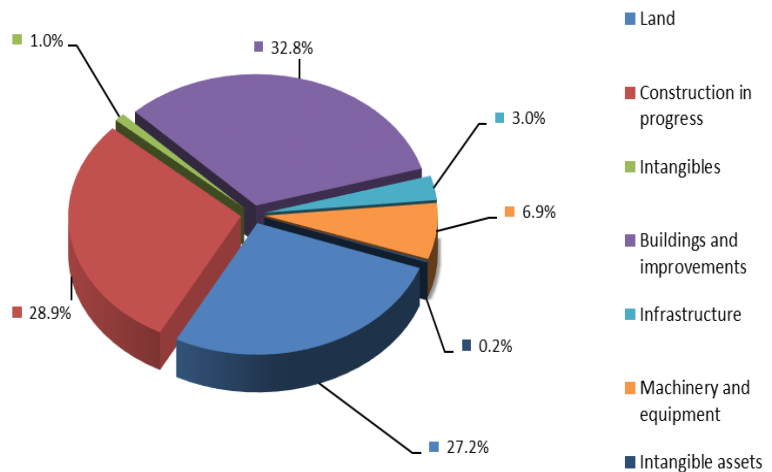
Table 4 County of Fauquier General Fund Budgetary Comparison For the Fiscal Year Ended June 30, 2020 (\$ in millions)			
	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>
<u>Revenues</u>			
Taxes	\$ 152.9	\$ 152.9	\$ 155.2
Other	4.2	4.4	4.5
Intergovernmental	30.8	31.7	31.0
Total revenues	187.9	189.0	190.7
<u>Expenditures</u>	172.1	176.0	165.7
Excess (deficiency) of revenues over (under) expenditures	15.8	13.0	25.0
<u>Other financing sources (uses)</u>			
Transfers in	0.5	0.5	0.4
Transfers out	(17.2)	(25.0)	(25.0)
Total other financing sources (uses)	(16.7)	(24.5)	(24.6)
Change in fund balance	\$ (0.9)	\$ (11.5)	\$ 0.4

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.

**Governmental Activities - Net Capital Assets
As of June 30, 2020**



Final amended budget revenues exceeded the original budget by \$1.1 million, primarily due to budget increases from state and federal funding sources. Actual revenues were \$1.7 million over the amended budget due mainly to greater taxes collected than budgeted, offset by less than expected in revenue from state and federal funding sources. Actual expenditures for the General Fund totaled \$165.7 million or \$10.3 million less than the amended budget. Of this difference, \$3.2 million less than the amended budget was transferred to the School Board component unit and \$7.1 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	
	2020	2019	2020	2019	2020	2019	2020	2019
Land	\$ 23.7	23.4	8.6	8.6	32.3	32.0	38.0	37.3
Construction In progress	25.3	11.1	17.5	12.5	42.8	23.6	53.2	29.3
Intangible assets (non-depreciable)	0.9	0.9	0.2	0.2	1.1	1.1	1.1	1.1
Buildings and improvements	55.2	54.4	24.7	24.7	79.9	79.1	336.2	335.1
Infrastructure	15.5	15.2	13.7	13.7	29.2	28.9	34.6	34.3
Machinery and equipment	22.8	21.4	3.8	3.9	26.6	25.3	51.9	50.2
Intangible assets (depreciable)	1.5	1.5	-	-	1.5	1.5	1.7	1.7
Total capital assets	144.9	127.9	68.5	63.6	213.4	191.5	516.7	489.0
Less: Accumulated depreciation/amortization	(57.6)	(53.5)	(26.7)	(25.4)	(84.3)	(78.9)	(218.2)	(205.7)
Net capital assets	\$ 87.3	74.4	41.8	38.2	129.1	112.6	298.5	283.3

Table 5 may differ from Note 7 due to rounding.

As of June 30, 2020, the total reporting entity had net capital assets of \$298.5 million, an increase of \$15.2 million from the prior year. This increase is due primarily to additions and deletions of capital assets and construction in progress of \$23.9 million, offset by depreciation expense of \$12.5 million.

For governmental activities, the County's investment in non-depreciable assets totaled \$49.9 million, while depreciable assets totaled \$37.4 million (net of depreciation). Total net capital assets for governmental activities increased by \$12.9 million, or 17.3% from the prior year to \$87.3 million. The increase is due to additions and deletions of capital assets for governmental activities exceeding depreciation expense in the current year. During the fiscal year, the following additions were made to capital assets:

- Governmental activity additions included \$0.3 in land, \$15.2 million in construction in progress, \$1.7 million in machinery and equipment, and \$0.7 million in buildings and improvements.
- Business activity additions were approximately \$4.8 million, primarily related to the \$4.4 million in construction in progress related to the Airport Terminal Building Project and to \$0.4 million related to improvements at the Landfill.
- The School Board component unit had additions of \$6.6 million which included \$0.3 million in land acquisition, \$1.3 million for machinery, equipment and improvements to school facilities and \$4.9 million in construction in progress related primarily to energy savings projects across the school division.

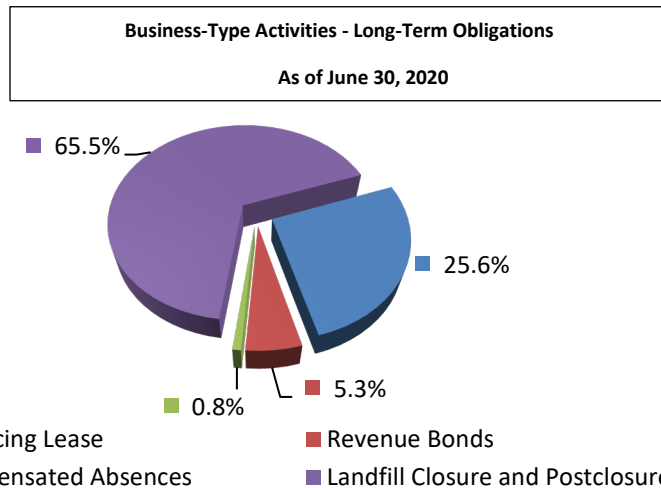
More information on the capital assets can be found in Note 7 in the Notes to Financial Statements Section of this report.

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

Table 6 County of Fauquier Summary of Changes in Long Term Obligations (\$ in millions)			
	July 1, 2019	Net Increase (Decrease)	June 30, 2020
<u>Governmental Activities:</u>			
Financing leases	\$ 23.5	(0.9)	22.6
Capital leases	4.5	3.8	8.3
General obligation bonds	60.2	(7.2)	53.0
Pooled financing	0.4	(0.2)	0.2
Premium	4.6	(0.6)	4.0
Total debt	93.2	(5.1)	88.1
Compensated absences	5.0	0.3	5.3
Incurred but not reported claims (IBNR)	3.1	0.4	3.5
Total long-term obligations	101.3	(4.4)	96.9
<u>Business-Type Activities:</u>			
Financing leases	6.5	(0.2)	6.3
Revenue bonds	1.7	(0.4)	1.3
Premium	0.8	(0.1)	0.7
Total debt	9.0	(0.7)	8.3
Compensated absences	0.1	0.1	0.2
Landfill closure and post closure	15.9	0.2	16.1
Total long-term obligations	25.0	(0.4)	24.6
Total long-term obligations	\$ 126.3	(4.8)	121.5
Table 6 may differ from Note 8 due to rounding.			

As of June 30, 2020, the County's governmental activities had long-term obligations totaling \$96.9 million, of which \$88.1 million represents indebtedness related to general obligation bonds, financing leases, and pooled financings. This represents a decrease of \$4.4 million, or 4.24% in long-term obligations from the prior year. The net decrease is due primarily to the following activities during the fiscal year:

- On July 19, 2019, 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 August 9, 2019 and April 20, 2020, the County entered into financing lease for \$2.8 million and \$1.2 million, respectively to fund upgrades to the public safety radio system.
- On October 19, 2019, the County issued a direct bank bond for \$8.8 million to refund refunded bonds in the amount \$8.7 million in order to achieve debt savings.
- The County retired \$10.0 million (\$9.3 million in principal and \$0.7 million in premium) related to financing leases, general obligation bonds, direct bonds, and pooled financings.
- Compensated absences increased by \$0.3 million from the prior year, as employee balances increased.
- Incurred but not reported claims increased by \$0.4 million from the prior year.



As of June 30, 2020, the County's business activities had long-term obligations of \$24.6 million, a decrease of \$0.4 million, or 1.6% decrease from the prior year.

The Landfill and Recycling Fund retired \$0.7 million of debt related to financing leases and revenue bonds and with the Virginia Resources Authority.

The Landfill closure and post closure liability increased by \$0.2 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 2020 was 6.2%, which is 3.6% higher than in June 2019. Unemployment rates are increasing due to stay at home orders, and closing of business in response to the COVID-19 pandemic. This compares favorably to the State's average rate of 8.2% and the National average rate of 11.2%.
- According to the Weldon Cooper Center for Public Service, Fauquier County's population was estimated to be 70,580, an increase of 0.6% over the prior year. Population estimates for the last ten years are provided in Table 12 of the Statistical Section of this report.
- The enrollment in public schools decreased in fiscal year 2020 by 1.4% from 11,153 to 11,100. In response to the COVID-19 pandemic, the school system switched from in-person learning to 100% virtual learning for the last quarter of fiscal year 2020 and then to a hybrid model incorporating in-person and virtual learning in fiscal year 2021. These changes, along with social distancing and measures to ensure safety of students has negatively affected enrollment numbers. School enrollment for the last ten years is provided in Table 12, Statistical Section of this report.
- The latest available per capita personal income for Fauquier County was \$72,577 as of 2019, compared to \$59,657 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 decreased by 4.0% from 38,163 to 36,646 as of fiscal year 2020. County Civilian Labor Workforce numbers for the last ten years are provided in Table 12 of the Statistical Section of this report.

Fiscal Year 2021 Budget and Rates

- For fiscal year 2021, the Board of Supervisors appropriated the approved budget on a quarterly basis in order to allow greater oversight and flexibility for change as economic impacts related to the COVID-19 pandemic are monitored. In addition, only essential personnel vacancies are being filled and departments are limited to spending on essential goods and services.
- The fiscal year 2021 adopted budget for the General Fund is \$191.3 million, an increase of 1.0% from fiscal year 2020. Revenues are comprised primarily of general property taxes at 71.0%, of the local taxes at 8.6%, permits, privilege fees and regulatory licenses at 0.7%, charges for services at 0.5%, State assistance at 14.8%, Federal assistance at 1.7%, use of money at 0.4%, and other revenues at 1.3%
- For fiscal year 2021, the County's contribution to and on behalf of the School Board component unit is \$102.3 million which includes the County's contribution to the School Board's operating fund of \$93.1 million and \$9.2 million contributed to the Debt Service Fund for school related debt. Support to the Schools represents 50.2% of the General Fund appropriations not including the allocation of shared services, which represents an additional 3.9% of local support. The percentage of General Fund appropriations supporting Schools is 0.7% less than fiscal year 2020.
- Public safety accounts for 10.9% of appropriations in fiscal year 2021, the second largest component of budgeted expenditures. Public safety volunteers are partially funded by a dedicated real property tax of \$0.133 per \$100 of assessed value for tax year 2020. This tax partially supports County and volunteer fire and rescue operations.
- The tax rate for real property remained constant at \$0.994 per \$100 of assessed value for tax year 2020 which is to support fiscal year 2021. Detail on tax rates is provided in Table 6, Statistical Section of this report.

REQUESTS FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

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



GOVERNMENT-WIDE FINANCIAL STATEMENTS

COUNTY OF FAUQUIER, VIRGINIA

Statement of Net Position
June 30, 2020

Exhibit 1
Page 1 of 2

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 65,913,339	\$ 49,548	\$ 65,962,887
Cash and cash equivalents - restricted	15,846,113	2,389,719	18,235,832
Receivables, net of allowance for uncollectibles:			
Taxes, including penalties	4,281,393	-	4,281,393
Accounts	2,957,769	605,197	3,562,966
Internal balances	5,325,778	(5,325,778)	-
Inventories	199,461	26,678	226,139
Prepaid items	989,196	-	989,196
Investments	-	-	-
Investment in direct financing lease	15,105,329	-	15,105,329
Due from other governmental units	4,949,049	2,415,150	7,364,199
Due from primary government	-	-	-
Note receivable	618,551	-	618,551
Net pension asset	-	-	-
Capital assets (non-depreciable/non-amortizable):			
Land	23,755,885	8,616,667	32,372,552
Construction in progress	25,284,612	17,445,502	42,730,114
Intangible assets	853,884	228,836	1,082,720
Capital assets (depreciable/amortizable):			
Cell improvements	-	-	-
Buildings and improvements	55,213,211	24,718,630	79,931,841
Infrastructure	15,489,888	13,699,958	29,189,846
Machinery and equipment	22,770,757	3,834,556	26,605,313
Intangible assets	1,460,946	-	1,460,946
Accumulated depreciation/amortization	(57,489,388)	(26,732,065)	(84,221,453)
Total capital assets, net	87,339,795	41,812,084	129,151,879
Total assets	203,525,773	41,972,598	245,498,371
Deferred outflows of resources			
Deferred charge on refundings	993,364	228,250	1,221,614
Items related to measurement of net pension liability	3,412,751	107,726	3,520,477
Pension contributions subsequent to measurement date	3,414,932	107,795	3,522,727
Items related to measurement of net OPEB liability	934,180	29,347	963,527
OPEB contributions subsequent to measurement date	209,593	6,527	216,120
Total deferred outflows of resources	8,964,820	479,645	9,444,465
Liabilities			
Accounts payable	4,662,779	787,909	5,450,688
Accrued and other liabilities	3,828,329	33,363	3,861,692
Retainage	31,467	339,290	370,757
Accrued interest payable	1,603,188	118,970	1,722,158
Unearned revenue	8,771,256	50,759	8,822,015
Customer deposits	764,327	-	764,327
Due to component units	193,000	-	193,000
Noncurrent liabilities:			
Due within one year	11,607,905	556,624	12,164,529
Due in more than one year	85,344,773	24,036,054	109,380,827
Net pension liability	10,147,843	320,327	10,468,170
Net OPEB liability	6,983,200	213,513	7,196,713
Total liabilities	133,938,067	26,456,809	160,394,876
Deferred inflows of resources			
Revenue advances	626,347	-	626,347
Items related to measurement of net pension liability	1,192,271	37,635	1,229,906
Items related to measurement of net OPEB liability	1,067,403	33,790	1,101,193
Total deferred inflows of resources	2,886,021	71,425	2,957,446
Net position			
Net investment in capital assets	60,791,853	33,670,328	94,462,181
Restricted for:			
Parks, recreation, and cultural	528,730	-	528,730
Public safety	142,148	-	142,148
Public works	15,535	-	15,535
Proffers	5,094,592	-	5,094,592
Affordable housing	-	-	-
Capital projects	2,936,348	48,027	2,984,375
Pensions	-	-	-
Other purposes	577,674	355,140	932,814
Unrestricted (deficit)	5,579,625	(18,149,486)	(12,569,861)
Total net position	\$ 75,666,505	\$ 15,924,009	\$ 91,590,514

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

Component Units			Reporting Entity		
Economic Development Authority	School Board	Reclassifications (See Note 1 - E.15)	Total		
\$ 86,778	\$ 16,083,081	\$ -	\$ 82,132,746	Assets	Cash and cash equivalents
-	3,568,397	-	21,804,229		Cash and cash equivalents - restricted
-	-	-	4,281,393		Receivables, net of allowance for uncollectibles:
24,078	4,957	-	3,592,001		Taxes, including penalties
-	-	-	-		Accounts
-	164,977	-	391,116		Internal balances
-	-	-	989,196		Inventories
-	-	-	-		Prepaid items
-	-	-	-		Investments
-	-	-	15,105,329		Investment in direct financing lease
-	3,308,888	-	10,673,087		Due from other governmental units
193,000	-	-	193,000		Due from primary government
-	-	-	618,551		Note receivable
-	1,065,692	-	1,065,692		Net pension asset
-	-	-	-		Capital assets (non-depreciable/non-amortizable):
-	5,579,720	-	37,952,272		Land
-	10,443,280	-	53,173,394		Construction in progress
-	-	-	1,082,720		Intangible assets
-	-	-	-		Capital assets (depreciable/amortizable):
-	-	-	-		Cell improvements
-	256,317,119	-	336,248,960		Buildings and improvements
-	5,458,984	-	34,648,830		Infrastructure
-	25,336,865	-	51,942,178		Machinery and equipment
-	225,458	-	1,686,404		Intangible assets
-	(133,946,440)	-	(218,167,893)		Accumulated depreciation/amortization
-	169,414,986	-	298,566,865		Total capital assets, net
303,856	193,610,978	-	439,413,205		Total assets
-	-	-	1,221,614	Deferred outflows of resources	Deferred charge on refundings
-	12,326,115	-	15,846,592		Items related to measurement of net pension liability
-	12,285,429	-	15,808,156		Pension contributions subsequent to measurement date
-	1,367,641	-	2,331,168		Items related to measurement of net OPEB liability
-	1,441,078	-	1,657,198		OPEB contributions subsequent to measurement date
-	27,420,263	-	36,864,728		Total deferred outflows of resources
193,000	969,358	-	6,613,046	Liabilities	Accounts payable
-	13,125,066	-	16,986,758		Accrued and other liabilities
-	492,838	-	863,595		Retainage
-	33,859	-	1,756,017		Accrued interest payable
-	784,172	-	9,606,187		Unearned revenue
-	-	-	764,327		Customer deposits
-	-	-	193,000		Due to component units
-	-	-	-		Noncurrent liabilities:
-	153,657	-	12,318,186		Due within one year
-	14,741,959	-	124,122,786		Due in more than one year
-	118,661,000	-	129,129,170		Net pension liability
-	22,261,647	-	29,458,360		Net OPEB liability
193,000	171,223,556	-	331,811,432		Total liabilities
-	-	-	626,347	Deferred inflows of resources	Revenue advances
-	13,845,001	-	15,074,907		Items related to measurement of net pension liability
-	3,366,737	-	4,467,930		Items related to measurement of net OPEB liability
-	17,211,738	-	20,169,184		Total deferred inflows of resources
-	160,471,122	(55,733,774)	199,199,529	Net position	Net investment in capital assets
-	-	-	528,730		Restricted for:
-	-	-	142,148		Parks, recreation, and cultural
-	-	-	15,535		Public safety
-	-	-	5,094,592		Public works
-	-	-	-		Proffers
-	-	-	2,984,375		Affordable housing
-	1,065,692	-	1,065,692		Capital projects
-	-	-	932,814		Pensions
110,856	(128,940,867)	55,733,774	(85,666,098)		Other purposes
\$ 110,856	\$ 32,595,947	\$ -	\$ 124,297,317		Unrestricted (deficit)
					Total net position

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

COUNTY OF FAUQUIER, VIRGINIA

Statement of Activities
Fiscal Year Ended June 30, 2020

Exhibit 2
Page 1 of 2

Functions/Programs	Program Revenues				Net (Expenses) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary government							
Governmental activities:							
General government administration	\$ 15,320,894	\$ 62,580	\$ 1,980,862	\$ -	\$ (13,277,452)	\$ -	\$ (13,277,452)
Judicial administration	4,403,007	512,868	1,530,481	-	(2,359,658)	-	(2,359,658)
Public safety	44,408,658	1,750,361	6,270,484	-	(36,387,813)	-	(36,387,813)
Public works	10,010,927	-	1,095,429	175,822	(8,739,676)	-	(8,739,676)
Health and welfare	13,469,468	80	7,803,544	-	(5,665,844)	-	(5,665,844)
Education	91,595,644	-	2,528	-	(91,593,116)	-	(91,593,116)
Parks, recreation, and cultural	7,903,910	381,828	254,179	2,436,021	(4,831,882)	-	(4,831,882)
Community development	8,315,849	1,504,729	569,050	-	(6,242,070)	-	(6,242,070)
Interest on long-term debt	3,465,061	-	-	-	(3,465,061)	-	(3,465,061)
Total governmental activities	198,893,418	4,212,446	19,506,557	2,611,843	(172,562,572)	-	(172,562,572)
Business-type activities:							
Airport	1,052,222	781,215	30,789	3,736,480	-	3,496,262	3,496,262
Landfill and recycling	8,279,176	3,370,335	14,078	-	-	(4,894,763)	(4,894,763)
Sewer	-	-	-	165,692	-	165,692	165,692
Total business-type activities	9,331,398	4,151,550	44,867	3,902,172	-	(1,232,809)	(1,232,809)
Total primary government	208,224,816	8,363,996	19,551,424	6,514,015	(172,562,572)	(1,232,809)	(173,795,381)
Component units							
Economic Development Authority	2,551,201	12,196	2,481,925	-			
School Board	153,799,058	2,370,487	20,903,584	-			
Total component units	\$ 156,350,259	\$ 2,382,683	\$ 23,385,509	\$ -			
General revenues:							
General property taxes					154,969,913	-	154,969,913
Local sales and use taxes					10,533,415	-	10,533,415
Consumers' utility taxes					1,748,470	-	1,748,470
Business and professional taxes					1,801,247	-	1,801,247
Motor vehicle taxes					2,011,001	-	2,011,001
Taxes on recordation and wills					2,271,130	-	2,271,130
Other local taxes					223,430	-	223,430
Contribution from primary government					-	-	-
Investment income					1,577,462	38,381	1,615,843
Miscellaneous					244,808	68,052	312,860
Grants and contributions not restricted to specific programs					17,567,750	-	17,567,750
Transfers					(13,211,107)	13,211,107	-
Total general revenues and transfers					179,737,519	13,317,540	193,055,059
Change in net position					7,174,947	12,084,731	19,259,678
Net position - beginning, restated					68,491,558	3,839,278	72,330,836
Net position - ending					\$ 75,666,505	\$ 15,924,009	\$ 91,590,514

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

Net (Expenses) Revenue and Changes in Net Position				
Component Unit		Reporting Entity		
Economic Development Authority	School Board	Total	Functions/Programs	
			Primary government	
			Governmental activities:	
\$ -	\$ -	\$ (13,277,452)	General government administration	
-	-	(2,359,658)	Judicial administration	
-	-	(36,387,813)	Public safety	
-	-	(8,739,676)	Public works	
-	-	(5,665,844)	Health and welfare	
-	-	(91,593,116)	Education	
-	-	(4,831,882)	Parks, recreation, and cultural	
-	-	(6,242,070)	Community development	
-	-	(3,465,061)	Interest on long-term debt	
-	-	(172,562,572)	Total governmental activities	
-	-	3,496,262	Business-type activities:	
-	-	(4,894,763)	Airport	
-	-	165,692	Landfill and recycling	
-	-	(1,232,809)	Sewer	
-	-	-	Total business-type activities	
-	-	(173,795,381)	Total primary government	
(57,080)	-	(57,080)	Component units	
-	(130,524,987)	(130,524,987)	Economic Development Authority	
(57,080)	(130,524,987)	(130,582,067)	School Board	
-	-	-	Total component units	
-	-	154,969,913	General revenues:	
-	-	10,533,415	General property taxes	
-	-	1,748,470	Local sales and use taxes	
-	-	1,801,247	Consumers' utility taxes	
-	-	2,011,001	Business and professional taxes	
-	-	2,271,130	Motor vehicle taxes	
-	-	223,430	Taxes on recordation and wills	
-	92,288,149	92,288,149	Other local taxes	
-	74,693	1,690,536	Contribution from primary government	
129	1,152,565	1,465,554	Investment income	
-	34,365,728	51,933,478	Miscellaneous	
-	-	-	Grants and contributions not restricted to specific programs	
129	127,881,135	320,936,323	Transfers	
(56,951)	(2,643,852)	16,558,875	Total general revenues and transfers	
167,807	35,239,799	107,738,442	Change in net position	
\$ 110,856	\$ 32,595,947	\$ 124,297,317	Net position - beginning, restated	
			Net position - ending	

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



FUND FINANCIAL STATEMENTS



Balance Sheet
Governmental Funds
June 30, 2020

	Primary Government						Total Governmental Funds
	General Fund	Capital Projects Fund	Debt Service Fund	Fire and Rescue Fund	Coronavirus Aid, Relief, and Economic Security (CARES) Fund	Other Governmental Funds	
Assets							
Cash and cash equivalents	\$ 24,290,635	\$ 24,819,015	\$ -	\$ 2,913,654	\$ -	\$ 1,883,565	\$ 53,906,869
Cash and cash equivalents - restricted	696,204	4,120,815	-	-	4,061,742	6,967,352	15,846,113
Receivables, net of allowance for uncollectibles:							
Taxes, including penalties	3,685,723	-	-	569,780	-	25,890	4,281,393
Accounts	1,275,942	21,322	-	58,903	23,812	242,237	1,622,216
Due from other funds	5,585,592	-	-	-	-	-	5,585,592
Investment in direct financing lease	-	-	15,105,329	-	-	-	15,105,329
Due from other governmental units	3,835,016	637,759	201,524	208,168	66,582	-	4,949,049
Note receivable	-	618,551	-	-	-	-	618,551
Total assets	39,369,112	30,217,462	15,306,853	3,750,505	4,152,136	9,119,044	101,915,112
Total assets and deferred outflows of resources	39,369,112	30,217,462	15,306,853	3,750,505	4,152,136	9,119,044	101,915,112
Liabilities							
Accounts payable	1,718,324	2,110,553	-	380,923	153,081	50,819	4,413,700
Accrued liabilities	988,551	-	-	444,340	-	3,872	1,436,763
Retainage	-	31,467	-	-	-	-	31,467
Other liabilities	1,303,548	1,067,316	-	-	-	-	2,370,864
Due to other funds	-	-	115,291	-	-	-	115,291
Due to component unit	-	193,000	-	-	-	-	193,000
Unearned revenue	40,288	161,584	4,570,329	-	3,999,055	-	8,771,256
Escrows	-	-	-	-	-	764,327	764,327
Total liabilities	4,050,711	3,563,920	4,685,620	825,263	4,152,136	819,018	18,096,668
Deferred inflows of resources							
Revenue advances	542,726	-	-	76,323	-	7,298	626,347
Unavailable revenue	2,137,898	456,967	10,535,000	392,743	-	114,749	13,637,357
Total deferred inflows of resources	2,680,624	456,967	10,535,000	469,066	-	122,047	14,263,704
Total liabilities and deferred inflows of resources	6,731,335	4,020,887	15,220,620	1,294,329	4,152,136	941,065	32,360,372
Fund balances							
Restricted	199,039	4,089,348	-	-	-	6,159,640	10,448,027
Committed	5,587,507	22,107,227	-	2,456,176	-	2,018,339	32,169,249
Assigned	6,295,917	-	86,233	-	-	-	6,382,150
Unassigned	20,555,314	-	-	-	-	-	20,555,314
Total fund balances	32,637,777	26,196,575	86,233	2,456,176	-	8,177,979	69,554,740
Total liabilities, deferred inflows of resources, and fund balances	\$ 39,369,112	\$ 30,217,462	\$ 15,306,853	\$ 3,750,505	\$ 4,152,136	\$ 9,119,044	\$ 101,915,112

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, 2020**

Total fund balance - governmental funds	\$	69,554,740
Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:		
Prepaid items are recorded as expenditures when purchased in governmental funds, but are recorded as assets and the expense is amortized over the period for which it relates in the government-wide statements (excludes \$356,052 for internal service funds).		633,144
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 \$243,712 for internal service funds)	87,096,083	
Losses on refunding of debt issuances	993,364	
Deferred outflows of resources related to pensions (excludes \$66,889 for internal service funds)	3,345,862	
Contributions to pension plans (excludes \$66,932 for internal service funds)	3,348,000	
Deferred outflows of resources related to OPEB (excludes \$18,215 for internal service funds)	915,965	
Contributions to OPEB plans (excludes \$4,106 for internal service funds)	<u>205,487</u>	95,904,761
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.		9,913,136
Unavailable taxes, grant, proffer and EMS ambulance billing revenue represent amounts that were not available to fund current expenditures and therefore are not reported as revenue in the governmental funds.		13,637,357
Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due.		(1,603,188)
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 \$121,522 for internal service funds)	(5,217,214)	
Capital leases	(8,343,746)	
Certificates of participation	(3,570,000)	
General obligation bonds	(72,270,000)	
Premium on bonds payable	(3,957,183)	
Net pension liability (excludes \$198,898 for internal service funds)	(9,948,945)	
Net OPEB liability (excludes \$132,581 for internal service funds)	(6,850,619)	
Deferred inflows of resources related to pensions (excludes \$23,368 for internal service funds)	(1,168,903)	
Deferred inflows of resources related to OPEB (excludes \$20,568 for internal service funds)	<u>(1,046,835)</u>	(112,373,445)
Net position of governmental activities	\$	<u>75,666,505</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, 2020

	General Fund	Capital Projects Fund	Debt Service Fund	Fire and Rescue Fund	Coronavirus Aid, Relief, and Economic Security (CARES) Fund	Other Governmental Funds	Total Governmental Funds
Revenues							
General property taxes	\$ 136,605,333	\$ -	\$ -	\$ 16,667,277	\$ -	\$ 1,125,478	\$ 154,398,088
Other local taxes	18,588,693	-	-	-	-	-	18,588,693
Permits, privilege fees, and regulatory licenses	1,555,569	-	-	-	-	-	1,555,569
Fines and forfeitures	345,274	-	-	-	-	28,662	373,936
Revenue from use of money and property	1,009,848	116,476	-	111,731	-	77,084	1,315,139
Charges for services	704,904	23,133	-	-	-	1,571,967	2,300,004
Gifts and donations	49,785	997,381	-	-	-	483,612	1,530,778
Recovered costs	409,746	11,284	-	45,664	-	636	467,330
Miscellaneous revenue	408,339	1,840,559	290,905	28,410	-	11,543	2,579,756
Intergovernmental:							
Commonwealth of Virginia	27,335,380	358,264	-	286,155	-	89,034	28,068,833
Federal Government	3,705,950	386,275	401,488	794,993	2,340,918	-	7,629,624
Total revenues	190,718,821	3,733,372	692,393	17,934,230	2,340,918	3,388,016	218,807,750
Expenditures							
Current operating:							
General government administration	13,895,413	-	-	-	1,053,577	-	14,948,990
Judicial administration	4,141,391	-	-	-	1,634	-	4,143,025
Public safety	21,668,742	1,922,751	-	19,200,488	473,414	476,515	43,741,910
Public works	8,088,705	534,560	-	-	130,660	10,817	8,764,742
Health and welfare	13,235,443	-	-	-	156,670	16,171	13,408,284
Education	91,693,472	-	669,874	-	-	-	92,363,346
Parks, recreation, and cultural	6,328,750	12,099,704	-	-	13,817	83,894	18,526,165
Community development	5,995,973	2,598,418	-	-	2,630	159,819	8,756,840
Nondepartmental	615,025	-	-	-	82,970	-	697,995
Capital outlay	-	4,071,357	-	-	-	-	4,071,357
Debt service:							
Principal retirement	-	-	9,293,630	-	-	-	9,293,630
Interest charges	-	-	3,576,074	-	-	-	3,576,074
Issuance costs	-	-	45,450	-	-	-	45,450
Fiscal charges	-	-	7,450	-	-	-	7,450
Total expenditures	165,662,914	21,226,790	13,592,478	19,200,488	1,915,372	747,216	222,345,258
Excess (deficiency) of revenues over (under) expenditures	25,055,907	(17,493,418)	(12,900,085)	(1,266,258)	425,546	2,640,800	(3,537,508)
Other financing sources (uses)							
Transfers in	358,754	14,794,427	12,389,594	1,409,253	-	117,883	29,069,911
Transfers (out)	(24,972,147)	(5,248,039)	(355,140)	(4,440,420)	(425,546)	(1,530,272)	(36,971,564)
Issuance of debt	-	3,973,000	9,670,400	-	-	-	13,643,400
Payment to bond escrow agent	-	-	(8,804,767)	-	-	-	(8,804,767)
Total other financing sources (uses)	(24,613,393)	13,519,388	12,900,087	(3,031,167)	(425,546)	(1,412,389)	(3,063,020)
Net change in fund balances/(deficits)	442,514	(3,974,030)	2	(4,297,425)	-	1,228,411	(6,600,528)
Fund balances - beginning	32,195,263	30,170,605	86,231	6,753,601	-	6,949,568	76,155,268
Fund balances - ending	\$ 32,637,777	\$ 26,196,575	\$ 86,233	\$ 2,456,176	\$ -	\$ 8,177,979	\$ 69,554,740

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, 2020

Net change in fund balance - total governmental funds \$ (6,600,528)

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of 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	17,519,268	
Depreciation expense (less \$29,075 for internal service funds)	(4,441,101)	13,078,167

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. (165,692)

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	633,144	
Less prior year prepaid items	(653,426)	(20,282)

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

Add current year's unavailable revenue	13,637,357	
Less prior year's unavailable revenue	(12,960,628)	676,729

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. (3,391,411)

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	(13,643,400)	
Add debt principal repayment	18,025,630	
Add amortization of bond payable premiums	701,471	
Less amortization of deferred loss on refunding	(200,699)	4,883,002

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 \$121,522 for internal service funds)	(5,217,214)	
Add prior year's compensated absences (excludes \$122,173 for internal service funds)	4,874,377	
Less current year's accrued interest payable	(1,603,188)	
Add prior year's accrued interest payable	1,339,096	
Add current year's deferred outflow related to pensions (excludes \$66,889 for internal service funds)	3,345,862	
Less prior year's deferred outflow related to pensions (excludes \$12,542 for internal service funds)	(606,362)	
Add current year's deferred outflow related to OPEB (excludes \$18,215 for internal service funds)	915,965	
Less prior year's deferred outflow related to OPEB (excludes \$8,117 for internal service funds)	(358,362)	
Less current year's net pension liability (excludes \$198,898 for internal service funds)	(9,948,945)	
Add prior year's net pension liability (excludes \$124,082 for internal service funds)	5,998,681	
Less current year's net OPEB liability (excludes \$132,581 for internal service funds)	(6,850,619)	
Add prior year's net OPEB liability (excludes \$128,227 for internal service funds)	6,201,985	
Less current year's deferred inflow related to pensions (excludes \$23,368 for internal service funds)	(1,168,903)	
Add prior year's deferred inflow related to pensions (excludes \$31,924 for internal service funds)	1,543,412	
Less current year's deferred inflow related to OPEB (excludes \$20,568 for internal service funds)	(1,046,835)	
Add prior year's deferred inflow related to OPEB (excludes \$24,215 for internal service funds)	1,153,401	(1,427,649)

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 \$66,932 for internal service funds)	3,348,000	
Less prior year pension contributions (excludes \$69,096 for internal service funds)	(3,214,755)	
Add current year OPEB contributions (excludes \$4,106 for internal service funds)	205,487	
Less prior year OPEB contributions (excludes \$4,037 for internal service funds)	(196,121)	142,611

Change in net position of governmental activities \$ 7,174,947

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, 2020

Exhibit 7
Page 1 of 4

	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Revenues				
General property taxes	\$ 135,794,188	\$ 135,794,188	\$ 136,605,333	\$ 811,145
Other local taxes	17,095,328	17,095,328	18,588,693	1,493,365
Permits, privilege fees, and regulatory licenses	1,420,560	1,420,560	1,555,569	135,009
Fines and forfeitures	503,000	503,000	345,274	(157,726)
Revenue from use of money and property	786,936	786,936	1,009,848	222,912
Charges for services	919,233	919,233	704,904	(214,329)
Gifts and donations	8,854	50,143	49,785	(358)
Recovered costs	198,050	379,935	409,746	29,811
Miscellaneous revenue	366,091	377,699	408,339	30,640
Intergovernmental:				
Commonwealth of Virginia	27,901,570	28,372,949	27,335,380	(1,037,569)
Federal Government	2,889,443	3,318,930	3,705,950	387,020
Total revenues	187,883,253	189,018,901	190,718,821	1,699,920
Expenditures				
Current operating:				
General government administration:				
Legislative:				
Board of supervisors	293,621	294,964	286,636	8,328
General and financial administration:				
County administrator	850,303	855,183	643,493	211,690
General reassessment	136,235	1,245,515	149,775	1,095,740
County attorney	817,183	841,370	837,688	3,682
Independent auditor	210,895	210,895	183,820	27,075
Commissioner of the revenue	1,666,013	1,748,426	1,748,426	-
Treasurer	1,386,926	1,426,638	1,425,994	644
Information technology	4,178,679	4,250,428	3,413,578	836,850
Human resources	3,014,078	3,141,899	2,291,294	850,605
Finance	1,540,694	1,593,048	1,532,383	60,665
Office of management and budget	593,307	601,256	571,847	29,409
Geographic information systems	366,019	369,029	303,837	65,192
Total general and financial administration	14,760,332	16,283,687	13,102,135	3,181,552
Board of elections:				
Registrar	483,047	508,851	506,642	2,209
Total general government administration	\$ 15,537,000	\$ 17,087,502	\$ 13,895,413	\$ 3,192,089

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, 2020

Exhibit 7
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	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Expenditures (continued)				
Current operating: (continued)				
Judicial administration:				
Courts:				
Circuit court	\$ 140,382	\$ 141,303	\$ 101,757	\$ 39,546
General district court	32,700	32,700	15,740	16,960
Magistrates	87,773	87,773	41,935	45,838
Juvenile and domestic relations district court	17,726	17,726	11,407	6,319
Clerk of the circuit court	1,302,257	1,340,556	1,289,833	50,723
Adult court services	1,027,856	1,056,889	1,035,829	21,060
Commissioner of accounts	15,600	15,600	15,600	-
Total courts	2,624,294	2,692,547	2,512,101	180,446
Commonwealth's attorney:				
Commonwealth's attorney	1,611,787	1,635,423	1,629,290	6,133
Total judicial administration	4,236,081	4,327,970	4,141,391	186,579
Public safety:				
Law enforcement and traffic control:				
Sheriff	12,545,189	13,104,558	12,898,545	206,013
Joint communications	3,016,373	2,939,099	2,807,517	131,582
Total law enforcement and traffic control	15,561,562	16,043,657	15,706,062	337,595
Correction and detention:				
Sheriff	3,254,977	3,487,956	3,481,842	6,114
Northwest regional jail	2,310,073	2,310,073	2,310,073	-
Probation office	4,359	4,359	3,317	1,042
Juvenile detention and crime control	305,173	305,173	143,799	161,374
Total correction and detention	5,874,582	6,107,561	5,939,031	168,530
Emergency services administration				
Emergency services	-	23,649	23,649	-
Total emergency services administration	-	23,649	23,649	-
Total public safety	21,436,144	22,174,867	21,668,742	506,125
Public works:				
Sanitation and waste removal:				
Solid waste operations	2,780,204	2,922,550	2,922,550	-
General buildings and grounds maintenance:				
General services	5,510,630	5,625,026	5,166,155	458,871
Total public works	\$ 8,290,834	\$ 8,547,576	\$ 8,088,705	\$ 458,871

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, 2020

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	\$ 616,995	\$ 616,995	\$ 462,746	\$ 154,249
Welfare:				
Institutional care	489,482	489,482	489,482	-
Social services	7,083,385	7,839,469	7,782,896	56,573
Comprehensive services act	4,725,008	4,824,532	4,500,319	324,213
Total welfare	12,297,875	13,153,483	12,772,697	380,786
Total health and welfare	12,914,870	13,770,478	13,235,443	535,035
Education:				
Contribution to component unit – School Board	93,145,478	94,772,880	91,618,275	3,154,605
Community colleges	75,197	75,197	75,197	-
Total education	93,220,675	94,848,077	91,693,472	3,154,605
Parks, recreation, and cultural:				
Parks and recreation:				
Parks and recreation	4,259,050	4,347,972	3,827,054	520,918
Library:				
Public library	2,555,601	2,595,376	2,501,696	93,680
Total parks, recreation, and cultural	6,814,651	6,943,348	6,328,750	614,598
Community development:				
Planning and community development:				
Community development	4,838,009	4,966,942	4,530,743	436,199
Planning	151,631	151,631	104,026	47,605
Economic development	892,728	1,044,983	917,289	127,694
Contribution to component unit – Economic Development Authority	25,000	25,000	25,000	-
Agriculture development	71,647	73,038	57,126	15,912
Total planning and community development	5,979,015	6,261,594	5,634,184	627,410
Environmental management:				
Soil and water conservation district	162,346	164,995	162,346	2,649
Cooperative extension program:				
VPI extension	162,418	214,932	199,443	15,489
Total community development	\$ 6,303,779	\$ 6,641,521	\$ 5,995,973	\$ 645,548

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, 2020

Exhibit 7
Page 4 of 4

	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Expenditures (continued)				
Current operating: (continued)				
Nondepartmental:				
Nondepartmental operations	\$ 3,346,203	\$ 1,644,179	\$ 615,025	\$ 1,029,154
Total expenditures	172,100,237	175,985,518	165,662,914	10,322,604
Excess (deficiency) of revenues over (under) expenditures	15,783,016	13,033,383	25,055,907	12,022,524
Other financing sources (uses)				
Transfers in	477,522	477,522	358,754	(118,768)
Transfers (out)	(17,248,235)	(24,977,711)	(24,972,147)	5,564
Total other financing sources (uses)	(16,770,713)	(24,500,189)	(24,613,393)	(113,204)
Net change in fund balances	(987,697)	(11,466,806)	442,514	11,909,320
Fund balances - beginning	32,195,263	32,195,263	32,195,263	-
Fund balances - ending	\$ 31,207,566	\$ 20,728,457	\$ 32,637,777	\$ 11,909,320

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, 2020**

	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Revenues				
General property taxes	\$ 16,926,344	\$ 16,926,344	\$ 16,667,277	\$ (259,067)
Revenue from use of money and property	200,000	200,000	111,731	(88,269)
Recovered costs	-	45,664	45,664	-
Miscellaneous Revenue	5,000	26,920	28,410	1,490
Intergovernmental:				
Commonwealth of Virginia	272,073	286,155	286,155	-
Federal Government	605,873	681,873	794,993	113,120
Total revenues	<u>18,009,290</u>	<u>18,166,956</u>	<u>17,934,230</u>	<u>(232,726)</u>
Expenditures				
Current operating:				
Public safety	<u>19,048,384</u>	<u>20,812,668</u>	<u>19,200,488</u>	<u>1,612,180</u>
Total expenditures	<u>19,048,384</u>	<u>20,812,668</u>	<u>19,200,488</u>	<u>1,612,180</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,039,094)</u>	<u>(2,645,712)</u>	<u>(1,266,258)</u>	<u>1,379,454</u>
Other financing sources (uses)				
Transfers in	985,065	1,409,253	1,409,253	-
Transfers (out)	<u>(498,863)</u>	<u>(4,440,420)</u>	<u>(4,440,420)</u>	<u>-</u>
Total other financing sources (uses)	<u>486,202</u>	<u>(3,031,167)</u>	<u>(3,031,167)</u>	<u>-</u>
Net change in fund balances	(552,892)	(5,676,879)	(4,297,425)	1,379,454
Fund balances - beginning	6,753,601	6,753,601	6,753,601	-
Fund balances - ending	<u>\$ 6,200,709</u>	<u>\$ 1,076,722</u>	<u>\$ 2,456,176</u>	<u>\$ 1,379,454</u>

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

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 9

**Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
Coronavirus Aid, Relief, and Economic Security (CARES) Fund
Fiscal Year Ended June 30, 2020**

	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Revenues				
Intergovernmental:				
Federal Government	\$ -	\$ 6,408,973	\$ 2,340,918	\$ (4,068,055)
Total revenues	-	6,408,973	2,340,918	(4,068,055)
Expenditures				
Current operating:				
General government administration	-	1,120,162	1,053,577	66,585
Judicial Administration	-	1,634	1,634	-
Public safety	-	976,517	473,414	503,103
Public works	-	130,660	130,660	-
Health and welfare	-	156,670	156,670	-
Education	-	1,678,400	-	1,678,400
Parks, recreation, and cultural	-	13,817	13,817	-
Community development	-	71,632	2,630	69,002
Non Departmental	-	949,934	82,970	866,964
Total expenditures	-	5,099,426	1,915,372	3,184,054
Excess of revenues over expenditures	-	1,309,547	425,546	(884,001)
Other financing (uses)				
Transfers (out)	-	(1,309,547)	(425,546)	884,001
Total other financing (uses)	-	(1,309,547)	(425,546)	884,001
Net change in fund balances	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

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, 2020

Exhibit 10
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	\$ -	\$ -	\$ 49,548	\$ 49,548	\$ 12,006,470
Cash and cash equivalents - restricted	387,317	1,647,262	355,140	2,389,719	-
Receivables, net of allowance for uncollectibles	155,799	449,398	-	605,197	1,335,553
Inventories	26,678	-	-	26,678	199,461
Prepaid items	-	-	-	-	356,052
Due from other governmental units	2,338,307	-	76,843	2,415,150	-
Total current assets	2,908,101	2,096,660	481,531	5,486,292	13,897,536
Noncurrent assets:					
Capital assets (non-depreciable/non-amortizable):					
Land	6,612,678	1,446,449	557,540	8,616,667	-
Construction in progress	13,759,311	2,219,801	1,466,390	17,445,502	-
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	3,347,243	-	3,834,556	765,055
Accumulated depreciation/amortization	(12,805,625)	(13,926,440)	-	(26,732,065)	(870,343)
Total capital assets, net	24,105,441	15,682,713	2,023,930	41,812,084	243,712
Total noncurrent assets	24,105,441	15,682,713	2,023,930	41,812,084	243,712
Total assets	27,013,542	17,779,373	2,505,461	47,298,376	14,141,248
Deferred outflows of resources					
Deferred charge on refunding	-	228,250	-	228,250	-
Items related to measurement of net pension liability	15,490	92,236	-	107,726	66,889
Pension contributions subsequent to measurement date	15,500	92,295	-	107,795	66,932
Items related to measurement of net OPEB liability	4,164	25,183	-	29,347	18,215
OPEB contributions subsequent to measurement date	951	5,576	-	6,527	4,106
Total deferred outflows of resources	36,105	443,540	-	479,645	156,142
Total assets and deferred outflows of resources	\$ 27,049,647	\$ 18,222,913	\$ 2,505,461	\$ 47,778,021	\$ 14,297,390

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

Statement of Net Position
Proprietary Funds
June 30, 2020

	Business-Type Activities – Enterprise Funds				Governmental Activities
	Airport Fund	Landfill and Recycling Fund	Sewer Fund	Total	Internal Service Funds
Liabilities					
Current liabilities:					
Accounts payable	\$ 92,713	\$ 695,196	\$ -	\$ 787,909	\$ 249,079
Accrued and other liabilities	5,492	27,871	-	33,363	20,702
Retainage	339,290	-	-	339,290	-
Accrued interest payable	-	118,970	-	118,970	-
Due to other funds	1,827,737	3,498,041	-	5,325,778	144,523
Unearned revenue	14,759	-	36,000	50,759	-
Current portion of compensated absences	2,423	14,435	-	16,858	12,152
Current portion of incurred but not reported claims	-	-	-	-	868,253
Current portion of long-term bonds payable	-	334,974	204,792	539,766	-
Total current liabilities	2,282,414	4,689,487	240,792	7,212,693	1,294,709
Noncurrent liabilities:					
Accrued closure and postclosure liability	-	16,054,089	-	16,054,089	-
Noncurrent portion of compensated absences	21,808	129,917	-	151,725	109,370
Noncurrent portion of incurred but not reported claims	-	-	-	-	2,604,760
Noncurrent portion of long-term bonds payable	-	7,830,240	-	7,830,240	-
Net pension Liability	46,059	274,268	-	320,327	198,898
Net OPEB Liability	29,621	183,892	-	213,513	132,581
Total noncurrent liabilities	97,488	24,472,406	-	24,569,894	3,045,609
Total liabilities	2,379,902	29,161,893	240,792	31,782,587	4,340,318
Deferred inflows of resources					
Items related to measurement of pension liability	5,412	32,223	-	37,635	23,368
Items related to measurement of OPEB liability	4,616	29,174	-	33,790	20,568
Total deferred inflows of resources	10,028	61,397	-	71,425	43,936
Total liabilities and deferred inflows of resources	2,389,930	29,223,290	240,792	31,854,012	4,384,254
Net Position					
Net investment in capital assets	24,105,441	7,745,749	1,819,138	33,670,328	243,712
Restricted for:					
Debt service	-	-	355,140	355,140	-
Capital projects	48,027	-	-	48,027	-
Unrestricted (deficit)	506,249	(18,746,126)	90,391	(18,149,486)	9,669,424
Total net position	24,659,717	(11,000,377)	2,264,669	15,924,009	9,913,136
Total liabilities, deferred inflows of resources, and net position	\$ 27,049,647	\$ 18,222,913	\$ 2,505,461	\$ 47,778,021	\$ 14,297,390

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

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 11

Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
Fiscal Year Ended June 30, 2020

	Business-Type Activities – Enterprise Funds				Governmental Activities
	Airport Fund	Landfill and Recycling Fund	Sewer Fund	Total	Internal Service Funds
Operating revenues					
Charges for services	\$ 279,416	\$ 3,062,739	\$ -	\$ 3,342,155	\$ 37,601,511
Recycling revenues	-	307,596	-	307,596	-
Miscellaneous revenue	115	136	-	251	1,408
Fuel	501,799	-	-	501,799	-
Total operating revenues	781,330	3,370,471	-	4,151,801	37,602,919
Operating expenses					
Cost of goods sold	358,448	-	-	358,448	-
Personal services	226,871	1,362,555	-	1,589,426	806,428
Fringe benefits	63,525	491,551	-	555,076	294,943
Claims and benefits paid	-	-	-	-	27,547,690
Premiums	-	-	-	-	2,753,437
Contractual services	82,584	4,297,399	-	4,379,983	2,577,974
Other operating expenses	100,987	242,780	-	343,767	1,861,997
Landfill closure and postclosure liability	-	194,087	-	194,087	-
Depreciation	201,651	1,184,150	-	1,385,801	29,075
Pension and OPEB expense	18,156	129,932	-	148,088	75,655
Total operating expenses	1,052,222	7,902,454	-	8,954,676	35,947,199
Operating income (loss)	(270,892)	(4,531,983)	-	(4,802,875)	1,655,720
Nonoperating revenues (expenses)					
Interest income (expense)	386	(345,303)	6,576	(338,341)	262,323
Gain on disposal of capital asset	-	64,351	-	64,351	-
Insurance recoveries	1,397	2,053	-	3,450	-
Operating grants - Commonwealth of Virginia	30,789	14,078	-	44,867	-
Total nonoperating revenues (expenses)	32,572	(264,821)	6,576	(225,673)	262,323
Income (loss) before capital contributions, grants, and transfers	(238,320)	(4,796,804)	6,576	(5,028,548)	1,918,043
Capital contributions and grants					
Capital contributions	34,500	-	165,692	200,192	-
Capital grants - Commonwealth of Virginia	1,341,586	-	-	1,341,586	-
Capital grants - Federal Government	2,360,394	-	-	2,360,394	-
Total capital contributions and capital grants	3,736,480	-	165,692	3,902,172	-
Transfers					
Transfers in	14,279	12,841,688	355,140	13,211,107	77,981
Transfers (out)	-	-	-	-	(5,387,435)
Total Transfers in (out)	14,279	12,841,688	355,140	13,211,107	(5,309,454)
Change in net position	3,512,439	8,044,884	527,408	12,084,731	(3,391,411)
Net position - beginning, restated	21,147,278	(19,045,261)	1,737,261	3,839,278	13,304,547
Net position - ending	\$ 24,659,717	\$ (11,000,377)	\$ 2,264,669	\$ 15,924,009	\$ 9,913,136

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

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 12

Statement of Cash Flows
Proprietary Funds
Fiscal Year Ended June 30, 2020

	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	\$ 720,806	\$ 3,215,130	\$ 36,000	\$ 3,971,936	\$ 33,952,036
Receipts from interfund services provided	-	-	-	-	2,806,747
Payments to suppliers and other operating activities	(742,481)	(4,297,652)	-	(5,040,133)	(35,508,315)
Payments to employees (including fringes)	(300,689)	(1,883,033)	-	(2,183,722)	(1,162,931)
Payments for interfund services used	(5,582)	(57,645)	-	(63,227)	-
Net cash provided by (used for) operating activities	(327,946)	(3,023,200)	36,000	(3,315,146)	87,537
Cash Flow from Noncapital Financing Activities					
Transfers in	14,279	12,841,688	355,140	13,211,107	77,981
Transfers out	-	-	-	-	(5,387,435)
Proceeds from interfund obligation	1,147,359	-	-	1,147,359	144,523
Repayment of interfund obligation	-	(9,184,851)	-	(9,184,851)	(339,629)
Operating grants received	26,296	14,078	-	40,374	-
Net cash provided by noncapital financing activities	1,187,934	3,670,915	355,140	5,213,989	(5,504,560)
Cash Flow from Capital and Related Financing Activities					
Acquisition and construction of capital assets	(4,434,768)	(325,969)	-	(4,760,737)	(39,377)
Capital grants received	3,629,332	-	-	3,629,332	-
Capital contribution	34,500	-	-	34,500	-
Principal paid on debt	-	(250,000)	(355,140)	(605,140)	-
Interest and other fiscal cost on debt	-	(376,722)	-	(376,722)	-
Insurance recoveries	1,397	2,053	-	3,450	-
Net cash provided by (used for) capital and related financing activities	(769,539)	(950,638)	(355,140)	(2,075,317)	(39,377)
Cash Flow from Investing Activities					
Interest income	386	31,419	6,576	38,381	262,323
Net cash provided by investing activities	386	31,419	6,576	38,381	262,323
Net increase (decrease) in cash and cash equivalents	90,835	(271,504)	42,576	(138,093)	(5,194,077)
Cash and cash equivalents - beginning of the year	296,482	1,918,766	362,112	2,577,360	17,200,547
Cash and cash equivalents - end of the year	387,317	1,647,262	404,688	2,439,267	12,006,470
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities					
Cash flows from operations:					
Operating income (loss)	(270,892)	(4,531,983)	-	(4,802,875)	1,655,720
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation	201,651	1,184,150	-	1,385,801	29,075
Amortization	-	(57,807)	-	(57,807)	-
Changes in operating assets and liabilities:					
(Increase) decrease in receivables	(59,673)	(155,341)	-	(215,014)	(844,136)
(Increase) decrease in inventory	13,480	-	-	13,480	5,240
(Increase) decrease in prepaid items	-	-	-	-	(356,052)
(Increase) decrease in deferred outflows of resources	(14,534)	(102,507)	-	(117,041)	(62,350)
Increase (decrease) in accounts payable	(383,692)	230,030	-	(153,662)	(837,041)
Increase (decrease) in accrued liabilities	6,158	68,944	-	75,102	9,478
Increase (decrease) in retainage	164,168	(20,001)	-	144,167	-
Increase (decrease) in accrued interest payable	-	32,660	-	32,660	-
Increase (decrease) in unearned revenue	(851)	-	36,000	35,149	-
Increase (decrease) in incurred but not reported claims	-	-	-	-	420,636
Increase (decrease) in landfill closure and postclosure liability	-	194,087	-	194,087	-
Increase (decrease) in net pension liability	17,717	126,883	-	144,600	74,816
Increase (decrease) in net OPEB liability	1,339	18,139	-	19,478	4,354
Increase (decrease) in deferred inflows of resources	(2,817)	(10,454)	-	(13,271)	(12,203)
Net cash provided by (used for) operating activities	<u>\$ (327,946)</u>	<u>\$ (3,023,200)</u>	<u>\$ 36,000</u>	<u>\$ (3,315,146)</u>	<u>\$ 87,537</u>

Noncash, investing, capital, and financing activities:

The primary government contributed assets related to the construction of sewer infrastructure to the Sewer fund during the fiscal year. The project costs were recorded in the Capital Projects Fund, and transferred to the Sewer Enterprise Fund. This resulted in a non-cash capital and financing activity in the amount of \$165,692 for the assets related to the project. The net amount is reflected as a capital contribution on Exhibit 11.

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

COUNTY OF FAUQUIER, VIRGINIA**Exhibit 13****Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2020**

	Other Postemployment Benefit Plans Fund	Agency Funds
Assets		
Cash and cash equivalents	\$ -	\$ 3,489,045
Cash in custody of others	-	135,948
Receivables, net of allowance for uncollectibles:		
Accounts	-	39,154
Investments at fair value:		
Investment in pooled funds	1,186,980	-
Total assets	1,186,980	3,664,147
Liabilities		
Accounts payable	26,958	-
Accrued liabilities	-	11,569
Amounts held for clients/others	-	3,652,578
Total liabilities	26,958	\$ 3,664,147
Net position		
Restricted for:		
Postemployment benefits other than pensions	1,160,022	
Total net position	\$ 1,160,022	

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

COUNTY OF FAUQUIER, VIRGINIA**Exhibit 14****Statement of Changes in Fiduciary Net Position
Other Postemployment Benefit Plans Fund
Fiscal Year Ended June 30, 2020**

	Other Postemployment Benefit Plans Fund
	<hr/>
Additions	
Contribution for beneficiary	\$ 186,829
Investment income	
Net increase in the fair value of investments	29,259
Interest and dividends	455
	<hr/>
Net investment income	29,714
	<hr/>
Total additions	216,543
	<hr/>
Deductions	
Distributions	16,226
Administrative fees	1,916
	<hr/>
Total deductions	18,142
	<hr/>
Net increase (decrease) in net position	198,401
Net position - beginning	961,621
Net position - ending	\$ <u><u>1,160,022</u></u>

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

NOTES TO FINANCIAL STATEMENTS



COUNTY OF FAUQUIER, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. The financial reporting entity

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

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

The Economic Development Authority is a political subdivision of the Commonwealth governed by seven directors appointed by the Fauquier County Board of Supervisors. The Economic Development Authority is empowered to acquire, own, lease, and dispose of properties, promote industry, develop trade in the County, and issue tax-exempt revenue bonds in accordance with the Virginia Industrial Development and Revenue Bond Act, Chapter 49, Title 15.2 of the Code of Virginia. As of June 30, 2020, the Economic Development Authority had outstanding industrial development revenue bonds of \$9,506,012. These obligations are considered conduit debt, neither the County nor the Economic Development Authority are obligated to pay the principal, interest, or any other costs associated with the bonds, and thus no associated assets, liabilities, revenue or expenses with respect to these bonds are recognized in the financial statements. A financial benefit/burden relationship exists between the County and the Economic Development Authority.

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

The School Board consists of the following governmental funds:

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The Broadband Authority was established by ordinance of the Fauquier County Board of Supervisors in order to facilitate increased availability of affordable broadband internet services to citizens in Fauquier County. The Broadband Authority was established pursuant to the Virginia Wireless Service Authorities Act, Chapter 54.1, §§ 15.2-5431.1 and 15.2-5431.23 of the Code of Virginia, 1950 as amended, in order to provide qualifying communications services as authorized by Article 5.1 (§ 56-484.7:1 et seq.) of Chapter 15 of Title 56. The Broadband Authority is blended into the County's financial statements since the governing board of the Broadband Authority consists of the County Board of Supervisors for the County who serve four-year terms concurrent with the Board of Supervisor's term of office and the County has operational responsibility for the day-to-day operations of the Broadband Authority.

B. Government-wide and fund financial statements

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

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

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

Because the primary focus of government is to provide services to its citizens, the government-wide Statement of Activities reports expenses and revenues in a format that focuses on the cost of each of the government's functions. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants). The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment; and 3) capital grants and contributions, including special assessments restricted to

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

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

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

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

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

The County reports the following major fund types:

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

The County reports the following nonmajor fund types:

The *Special Revenue Funds* 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 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, Treasurer's E-Summons Fund, and Project Lifesaver Fund.

The County reports the following additional fund types:

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

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

The *Fiduciary Funds* 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 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 all agency funds and following Special Revenue funds: Social Services Fund, Parks and Recreation Fund, Library Fund, Marshall Electric Light and Business Improvement District Fund, Proffer Fund, Stormwater Management Fund, the Vint Hill Transportation Fund, Vint Hill Community Enrichment Fund, Treasurer's E-Summons Fund, and Project Lifesaver Fund.

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

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

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Supervisors' approval upon recommendation of the School Finance Committee and the County Finance Committee.

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

2. Excess of expenditures over appropriations

For the year ended June 30, 2020, there were no departments in which expenditures exceeded appropriations.

3. Deficit fund balance/net position

As of June 30, 2020, the School Nutrition Fund had a deficit fund balance. As of June 30, 2020, the Landfill and Recycling Fund and Fleet Maintenance Fund had a deficit net position.

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

1. Deposits and investments

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. The County maintains a single cash and investment pool for use by all funds and its component units, except for the Other Postemployment Benefit Plans Fund, the Working Together Fund, the Special Welfare Fund, the Fire and Rescue Volunteer USDA Debt Service Fund, the Volunteer Fire and Rescue Association Fund, the School Board Crockett Scholarship Private-Purpose Trust Fund, the School Board School Activity Fund, and the Economic Development Authority. Investments for the government, as well as for its component units, are reported at fair value based on quoted market prices. Each Fund participates on a dollar equivalent and daily transaction basis. Interest is distributed quarterly based on average daily balances of specific funds receiving interest income. A "zero balance account" mechanism provides for daily sweeps of deposits made to the County's checking accounts, resulting in an instantaneous transfer to the investment account. Hence, the majority of the County's funds are invested at all times. The State Treasurer's Local Government Investment Pool (LGIP) operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares. Bond proceeds are maintained to comply with the provisions of the Internal Revenue Tax Code and various bond indentures. Bond proceeds are deposited in the Virginia State Non-Arbitrage Program (SNAP). Values of shares in the SNAP and LGIP are reported at amortized cost in accordance with GASB 79.

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

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

based on the best information available in the circumstances. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels as follows:

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

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

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

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

2. Interfund receivables and payables

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

3. Inventory and prepaid items

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

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

4. Property taxes

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

5. Allowance for uncollectible accounts

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

6. Use of estimates

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

7. Restricted assets

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

8. Capital assets

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

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

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

9. Component unit- School Board capital assets

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

10. Compensated absences

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

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

11. Long-term obligations

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

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

12. Encumbrances

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

With the implementation of GASB Statement No. 54, encumbrances are no longer separately reported as a component of the fund balance of the fund statements. Significant encumbrances as of June 30, 2020 are:

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Primary government

General Fund	\$ 312,403
Capital Projects Fund	12,904,255
Fire and Rescue Fund	105,775
Coronavirus Aid, Relief, and Economic Security (CARES) Fund	68,152
Other Governmental Funds	497
Airport Fund	1,811,280
Landfill and Recycling Fund	<u>345,785</u>
Total primary government encumbrances	\$ <u>15,548,147</u>

Component unit - School Board

School General Fund	\$ 83,146
School Asset Replacement Fund	<u>1,955,984</u>
Total component unit - School Board encumbrances	\$ <u>2,039,130</u>

13. Deferred Outflows/Inflows of Resources

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

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

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

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

- in assumptions, and the net difference between projected and actual earnings on pension plan and OPEB plan investments.

14. Fund balance

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 \$55,733,774 is reclassified to present the total reporting entity column of Exhibit 1.

16. Flow assumption

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

17. Pensions and Other Postemployment Benefits

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

F. Prior Period Adjustments

In fiscal year 2019, revenue expected from the Virginia Department of Aviation for the Construction of the Terminal Apron and Access project was accrued in the amount of \$431,494.13. Subsequent to the publication of the financial statements, it was determined that the request for reimbursement contained a mathematical error and the submission was corrected and resubmitted for \$31,494.13. Net position at the beginning of the fiscal year is restated to reflect the effect of this prior period adjustment.

For fiscal year 2020, the Economic Development Authority is included in the reporting entity as a discretely presented component unit. At June 30, 2019, ending net position of the Economic Development Authority was \$167,807.

The chart below summarizes the prior period adjustments to obtain the restated balances and net position at June 30, 2019:

	Business Type Activities		
	As Reported 6/30/2019	AIRPORT FUND	Restated 6/30/2019
Revenues and Transfers In	11,286,206	(400,000)	10,886,206
Expenses and Transfers Out	<u>10,585,904</u>	<u>-</u>	<u>10,585,904</u>
Change in Net Position	700,302	(400,000)	300,302
Beginning Net Position	<u>3,538,976</u>	<u>-</u>	<u>3,538,976</u>
Ending Net Position	4,239,278	(400,000)	3,839,278

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

	Total Reporting Entity			
	ECONOMIC			
	As Reported 6/30/2019	AIRPORT FUND	DEVELOPMENT AUTHORITY	Restated 6/30/2019
Revenues and Transfers In	377,892,311	(400,000)	12,158	377,504,469
Expenses and Transfers Out	<u>356,532,439</u>	<u>-</u>	<u>152,391</u>	<u>356,684,830</u>
Change in Net Position	21,359,872	(400,000)	(140,233)	20,819,639
Beginning Net Position	<u>86,610,763</u>	<u>-</u>	<u>308,040</u>	<u>86,918,803</u>
Ending Net Position	107,970,635	(400,000)	167,807	107,738,442

G. Governmental Accounting Standards Board (GASB) statements**The County implemented the following GASB Statement in fiscal year 2020:**

Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, effective for reporting periods beginning after December 15, 2020. The objectives of this statement are (1) to enhance the 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.95, *Postponement of Effective Dates of Certain Authoritative Guidance*, effective immediately when issued in May 2020. The primary objective of this statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic and postpones effective dates of certain provisions in Statements and Implementation guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018 and later. The County has elected to postpone implementation in accordance with Statement No. 95.

The County will implement the following GASB Statements and Implementation guides in fiscal year 2021:

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

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

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.

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

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.

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

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

Other Postemployment Benefits (OPEB) – The primary government’s OPEB trust fund and the School Board component unit’s OPEB trust fund, through an agreement with the county, participate in the Virginia Pooled OPEB Trust. Funds of participating jurisdictions are pooled and invested in the name of the Virginia Pooled OPEB Trust. The County shares in this pool are reported on the face of the OPEB trust fund statements as found in Exhibit 13 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.

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

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

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

The following reflects the fair value and the weighted average maturity (WAM) of the County’s investments as of June 30, 2020. WAM expresses investment time horizons, the time when investments become due and payable, weighted to

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

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, 2020:

	Measurement Method	Fair Value	Weighted Average Maturity (in years)
Money Market/Money Market Mutual Funds:			
Pooled Investments:			
State Treasurer's Local Government Investment Pool (LGIP)	Amortized Cost	\$ 67,212,133	0.0027
Demand deposit account	Amortized Cost	33,707,823	0.0027
Restricted Investments:			
Virginia State Non-Arbitrage Program (SNAP)	Amortized Cost	1,728,570	0.0027
Debt-Related - Restricted Account	Amortized Cost	<u>1,201,671</u>	0.0027
Total Investment		\$ <u>103,850,197</u>	0.0027

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

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

The County's ratings and policy limits as of June 30, 2020, 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	65%
Virginia State Non-Arbitrage Program (SNAP)	100%	AAAm	2%
Demand deposit account	50%	AAA	<u>33%</u>
			100%

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

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

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

Restricted Cash and Investments at June 30, 2020:

Primary Government

Governmental Activities:

General Fund:

Grant and contractual obligations	\$ 46,980
FICA payments deferred to the IRS	<u>649,224</u>
Total General Fund	<u>696,204</u>

Capital Projects Fund:

Debt proceeds	1,153,000
Restricted donations	1,384,383
Performance bonds	504,757
Revenue share projects	1,047,208
Retainage	<u>31,467</u>
Total Capital Projects Fund	<u>4,120,815</u>

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

Federal funds for Coronavirus response	<u>4,061,742</u>
Total CARES Fund	\$ <u>4,061,742</u>

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

Other Governmental Funds:

Social Services Board Fund	\$ 44,283
Parks and Recreation	189,126
Library	339,604
Marshall Electric Light and Business Improvement District	15,245
Proffers	5,573,896
Stormwater management	224,098
Vint Hill Community Enrichment Fund	153,929
Vint Hill Transportation	285,023
Treasurer's E-Summons	140,844
Project Lifesaver	<u>1,304</u>

Total Other Governmental Funds 6,967,352

Total Governmental Activities Restricted Cash and Investments 15,846,113

Business-Type Activities:**Airport Fund:**

Restricted donations	48,027
Retainage	<u>339,290</u>

Total Airport Fund 387,317

Landfill and Recycling Fund:

Cash reserve for landfill closure	<u>1,647,262</u>
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Total Landfill and Recycling Fund 1,647,262

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 2,389,719

Total Primary Government Restricted Cash and Investments 18,235,832

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

Grant funds	588,834
FICA Payments deferred to the IRS	<u>1,250,993</u>

Total School General Fund 1,839,827

School Asset Replacement Fund:

Debt Proceeds	<u>1,728,570</u>
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Total School Asset Replacement Fund 1,728,570

Total Component Unit - School Board 3,568,397

Total Restricted Cash and Investments \$ 21,804,229

NOTE 3 – RECEIVABLES

Receivables at June 30, 2020 consist of the following:

Primary Government

	General Fund	Capital Projects Fund	Debt Service Fund	Fire and Rescue Fund	Coronavirus Aid, Relief, and Economic Security	Nonmajor Governmental Funds	Business-Type Activities - Enterprise	Internal Service Funds	Total
Property taxes	\$ 5,887,184	\$ -	\$ -	\$ 912,223	\$ -	\$ 41,348	\$ -	\$ -	\$ 6,840,755
Accounts	1,275,942	21,322	-	58,903	23,812	607,667	1,809,090	1,335,553	5,132,289
Due from other funds	5,585,592	-	-	-	-	-	-	-	5,585,592
Investment in direct financing lease	-	-	15,105,329	-	-	-	-	-	15,105,329
Due from other governmental units	3,835,016	637,759	201,524	208,168	66,582	-	2,415,150	-	7,364,199
Note receivable	-	618,551	-	-	-	-	-	-	618,551
Gross receivables	16,583,734	1,277,632	15,306,853	1,179,294	90,394	649,015	4,224,240	1,335,553	40,646,715
Less allowance for uncollectibles:									
Property taxes	(2,201,461)	-	-	(342,443)	-	(15,458)	-	-	(2,559,362)
Accounts	-	-	-	-	-	(365,430)	(1,203,893)	-	(1,569,323)
Total allowance for uncollectibles	(2,201,461)	-	-	(342,443)	-	(380,888)	(1,203,893)	-	(4,128,685)
Net receivables	\$ 14,382,273	\$ 1,277,632	\$ 15,306,853	\$ 836,851	\$ 90,394	\$ 268,127	\$ 3,020,347	\$ 1,335,553	\$ 36,518,030

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
Governmental				
Tax revenue	\$ 2,548,419	\$ -	\$ 626,347	\$ 3,174,766
Intergovernmental revenue	-	12,255	-	12,255
EMS ambulance billing revenue	96,971	-	-	96,971
Other revenue	-	3,999,055	-	3,999,055
Parks and recreation facility rentals	-	28,033	-	28,033
Investment in direct financing lease	10,535,000	4,570,329	-	15,105,329
Note receivable	456,967	161,584	-	618,551
Business Type				
Airport hangar deposits	-	14,759	-	14,759
Sewer connection fee	-	36,000	-	36,000
Total	\$ 13,637,357	\$ 8,822,015	\$ 626,347	\$ 23,085,719

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

NOTE 3 – RECEIVABLES (CONTINUED)

construction of a new fire station. In separate-but-related agreements, the County subleased the original leasehold interests and any existing and future improvements back to the volunteer fire and rescue companies; the subleases contain a clause which transfers title of the properties, as well as any existing and future improvements to the properties, back to the volunteer fire and rescue companies at the time the debts are fully extinguished.

The following shows the net investment in direct financing lease:

Investment in Direct Financing Lease at June 30, 2020				
	Orlean VFD	Catlett VFRC	Remington VFD	Total
Total minimum lease payments to be received	\$ 6,276,425	\$ 5,010,491	\$ 3,818,413	\$ 15,105,329
Less: Unearned revenue	<u>1,926,425</u>	<u>1,500,491</u>	<u>1,143,413</u>	<u>4,570,329</u>
Net investment in direct financing lease	<u>\$ 4,350,000</u>	<u>\$ 3,510,000</u>	<u>\$ 2,675,000</u>	<u>\$ 10,535,000</u>

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

Scheduled Minimum Lease Payments at June 30, 2020				
	Principal	Interest	Total	
FY2021	\$ 335,000	\$ 439,420	\$ 774,420	
FY2022	350,000	438,284	788,284	
FY2023	370,000	420,731	790,731	
FY2024	390,000	402,281	792,281	
FY2025	405,000	382,806	787,806	
Thereafter	8,685,000	2,486,807	11,171,807	
Total	\$ 10,535,000	\$ 4,570,329	\$ 15,105,329	

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

The following shows the note and interest receivable, unearned revenue with respect to the interest and the unavailable revenue as of June 30 2020:

Note and Interest Receivable at June 30, 2020	
	RRCSB
Total principal and interest to be received	\$ 618,551
Less: Unearned revenue	<u>161,584</u>
Net note and interest receivable	\$ 456,967

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

Scheduled Minimum Note Receivable Payments at June 30, 2020			
	Principal	Interest	Total
FY2021	\$ 15,266	\$ 13,202	\$ 28,468
FY2022	17,172	13,884	31,056
FY2023	17,730	13,326	31,056
FY2024	18,305	12,751	31,056
FY2025	18,900	12,156	31,056
Thereafter	369,594	96,265	465,859
Total	\$ 456,967	\$ 161,584	\$ 618,551

NOTE 3 – RECEIVABLES (CONTINUED)

Component units

	Economic Development Authority	School General Fund	School Board School Asset Replacement Fund	School Nutrition Fund	Total
Accounts	\$ 24,078	\$ 4,031	\$ 926	\$ -	\$ 29,035
Due from other governmental units	-	3,212,385	-	96,503	3,308,888
Net receivables	\$ 24,078	\$ 3,216,416	\$ 926	\$ 96,503	\$ 3,337,923

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

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

	Unearned Revenue
School General Fund	\$ 588,835
School Nutrition Fund	195,337
Total	\$ 784,172

NOTE 4 – INTERFUND AND INTER-ENTITY RECEIVABLES AND PAYABLES

The following is a summary of interfund obligations as of June 30, 2020:

Current:

Due to / from other funds

Receivable Fund	Payable Fund	Amount
General Fund	Debt Service Fund	\$ 115,291
General Fund	Airport Fund	1,827,737
General Fund	Fleet Maintenance Fund	144,523
General Fund	Landfill & Recycling Fund	3,498,041
Total		\$ 5,585,592

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

Current:

Due to component units/ from primary government

Receivable Entity	Payable Entity	Amount
Economic Development Authority	Primary government- Governmental activities	\$ 193,000
Total		\$ 193,000

Inter-entity receivables and payables are recorded when the primary government has an obligation to a component unit or vice versa. Inter-entity receivables and payables are considered short term and reported as due from primary government and due to component unit on Exhibit 1 as of June 30, 2020.

NOTE 5 – INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2020, consisted of the following:

Transfers out:	Transfers in:							Total
	General Fund	Capital Projects Fund	Debt Service Fund	Fire and Rescue Fund	Other Governmental Funds	Enterprise Funds	Internal Service Funds	
General Fund	\$ -	\$ 10,611,974	\$ 11,615,174	\$ 424,188	\$ 5,474	\$ 2,273,356	\$ 41,981	\$ 24,972,147
Capital Projects Fund	-	-	-	-	52,863	5,195,176	-	5,248,039
Debt Service Fund	-	-	-	-	-	355,140	-	355,140
Fire and Rescue Fund	-	3,630,000	774,420	-	-	-	36,000	4,440,420
Coronavirus Aid, Relief, and Economic Security (CARES) Fund	-	366,000	-	-	59,546	-	-	425,546
Other Governmental Funds	358,754	186,453	-	985,065	-	-	-	1,530,272
Internal Service Funds	-	-	-	-	-	5,387,435	-	5,387,435
Total	\$ 358,754	\$ 14,794,427	\$ 12,389,594	\$ 1,409,253	\$ 117,883	\$ 13,211,107	\$ 77,981	\$ 42,358,999

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, 2020:

	Primary Government	Component Unit School Board
Commonwealth of Virginia:		
Local sales tax	\$ 1,909,870	\$ -
State sales tax	-	1,746,540
Shared expenses	448,924	-
Comprehensive services	483,205	-
Miscellaneous grants	966,694	200,136
Airport grants	1,138,819	-
Sewer fund debt proceeds	76,843	-
Federal Government:		
School fund grants	-	1,362,212
Airport grants	1,199,488	-
Other federal grants	1,140,356	-
Total	\$ 7,364,199	\$ 3,308,888

NOTE 7 – CAPITAL ASSETS

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2020:

	Balance July 1, 2019	Additions	Deletions	Transfers	Balance June 30, 2020
Primary government – governmental activities					
Capital assets (non-depreciable/non-amortizable):					
Land	\$ 23,453,850	\$ 302,035	\$ -	\$ -	\$ 23,755,885
Construction in progress	11,091,462	15,226,486	(403,919)	(629,417)	25,284,612
Intangible assets	853,884	-	-	-	853,884
Total capital assets (non-depreciable/non-amortizable)	35,399,196	15,528,521	(403,919)	(629,417)	49,894,381
Capital assets (depreciable/amortizable):					
Buildings and improvements	54,379,501	735,313	-	98,397	55,213,211
Infrastructure	15,177,891	-	-	311,997	15,489,888
Machinery and equipment	21,489,934	1,698,730	(430,294)	12,387	22,770,757
Intangible assets	1,460,946	-	-	-	1,460,946
Total capital assets (depreciable/amortizable)	92,508,272	2,434,043	(430,294)	422,781	94,934,802
Less accumulated depreciation/amortization for:					
Buildings and improvements	(25,046,243)	(1,489,583)	-	-	(26,535,826)
Infrastructure	(11,949,400)	(981,974)	-	-	(12,931,374)
Machinery and equipment	(15,260,251)	(1,946,480)	430,294	40,944	(16,735,493)
Intangible assets	(1,234,556)	(52,139)	-	-	(1,286,695)
Total accumulated depreciation/amortization	(53,490,450)	(4,470,176)	430,294	40,944	(57,489,388)
Total capital assets (depreciable/amortizable), net	39,017,822	(2,036,133)	-	463,725	37,445,414
Governmental activities capital assets, net	\$ 74,417,018	\$ 13,492,388	\$ (403,919)	\$ (165,692)	\$ 87,339,795

NOTE 7 – CAPITAL ASSETS (CONTINUED)
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	<u>1,829,481</u>	<u>390,320</u>	<u>-</u>	<u>-</u>	<u>2,219,801</u>
Total capital assets (non-depreciable/non-amortizable)	<u>3,275,930</u>	<u>390,320</u>	<u>-</u>	<u>-</u>	<u>3,666,250</u>

Capital assets (depreciable/amortizable):

Buildings and improvements	21,741,354	-	-	-	21,741,354
Infrastructure	854,306	-	-	-	854,306
Machinery and equipment	<u>3,458,880</u>	<u>-</u>	<u>(152,581)</u>	<u>40,944</u>	<u>3,347,243</u>
Total capital assets (depreciable/amortizable)	<u>26,054,540</u>	<u>-</u>	<u>(152,581)</u>	<u>40,944</u>	<u>25,942,903</u>

Less accumulated depreciation/amortization for:

Buildings and improvements	(10,183,736)	(962,030)	-	-	(11,145,766)
Infrastructure	(779,306)	(37,500)	-	-	(816,806)
Machinery and equipment	<u>(1,890,885)</u>	<u>(184,620)</u>	<u>152,581</u>	<u>(40,944)</u>	<u>(1,963,868)</u>
Total accumulated depreciation/amortization	<u>(12,853,927)</u>	<u>(1,184,150)</u>	<u>152,581</u>	<u>(40,944)</u>	<u>(13,926,440)</u>

Total capital assets (depreciable/amortizable), net	<u>13,200,613</u>	<u>(1,184,150)</u>	<u>-</u>	<u>-</u>	<u>12,016,463</u>
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Landfill and Recycling Fund capital assets, net	<u>16,476,543</u>	<u>(793,830)</u>	<u>-</u>	<u>-</u>	<u>15,682,713</u>
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Balance July 1, 2019	Additions	Deletions	Transfers	Balance June 30, 2020
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Primary government – business-type activities (continued)

Airport Fund:

Capital assets (non-depreciable/non-amortizable):

Land	6,612,678	-	-	-	6,612,678
Construction in progress	9,324,543	4,434,768	-	-	13,759,311
Intangible assets	<u>228,836</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>228,836</u>
Total capital assets (non-depreciable/non-amortizable)	<u>16,166,057</u>	<u>4,434,768</u>	<u>-</u>	<u>-</u>	<u>20,600,825</u>

Capital assets (depreciable/amortizable):

Buildings and improvements	2,977,276	-	-	-	2,977,276
Infrastructure	12,845,652	-	-	-	12,845,652
Machinery and equipment	<u>487,313</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>487,313</u>
Total capital assets (depreciable/amortizable)	<u>16,310,241</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,310,241</u>

Less accumulated depreciation/amortization for:

Buildings and improvements	(1,780,333)	(69,675)	-	-	(1,850,008)
Infrastructure	(10,480,439)	(99,587)	-	-	(10,580,026)
Machinery and equipment	<u>(343,202)</u>	<u>(32,389)</u>	<u>-</u>	<u>-</u>	<u>(375,591)</u>
Total accumulated depreciation/amortization	<u>(12,603,974)</u>	<u>(201,651)</u>	<u>-</u>	<u>-</u>	<u>(12,805,625)</u>

Total capital assets, (depreciable/amortizable), net	<u>3,706,267</u>	<u>(201,651)</u>	<u>-</u>	<u>-</u>	<u>3,504,616</u>
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Airport Fund capital assets, net	<u>19,872,324</u>	<u>4,233,117</u>	<u>-</u>	<u>-</u>	<u>24,105,441</u>
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Sewer Fund:

Capital assets (non-depreciable/non-amortizable)

Land	557,540	-	-	-	557,540
Construction in progress	<u>1,300,698</u>	<u>-</u>	<u>-</u>	<u>165,692</u>	<u>1,466,390</u>
Total capital assets (non-depreciable/non-amortizable)	<u>1,858,238</u>	<u>-</u>	<u>-</u>	<u>165,692</u>	<u>2,023,930</u>

Sewer Fund capital assets, net	<u>1,858,238</u>	<u>-</u>	<u>-</u>	<u>165,692</u>	<u>2,023,930</u>
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Total business-type activities capital assets, net	<u>\$ 38,207,105</u>	<u>\$ 3,439,287</u>	<u>\$ -</u>	<u>\$ 165,692</u>	<u>\$ 41,812,084</u>
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NOTE 7 – CAPITAL ASSETS (CONTINUED)

Component unit – School Board

Capital assets (non-depreciable/non-amortizable):

Land	\$ 5,261,258	\$ 318,462	\$ -	\$ -	\$ 5,579,720
Construction in progress	5,732,286	4,991,137	-	(280,143)	10,443,280
Total capital assets (non-depreciable/non-amortizable)	<u>10,993,544</u>	<u>5,309,599</u>	<u>-</u>	<u>(280,143)</u>	<u>16,023,000</u>

Capital assets (depreciable/amortizable):

Buildings and improvements	255,984,833	153,323	-	178,963	256,317,119
Infrastructure	5,400,744	-	-	58,240	5,458,984
Machinery and equipment	24,786,384	1,135,127	(627,586)	42,940	25,336,865
Intangible assets	225,458	-	-	-	225,458
Total capital assets (depreciable/amortizable)	<u>286,397,419</u>	<u>1,288,450</u>	<u>(627,586)</u>	<u>280,143</u>	<u>287,338,426</u>

Less accumulated depreciation/amortization for:

Buildings and improvements	(105,817,757)	(6,399,181)	-	-	(112,216,938)
Infrastructure	(3,062,160)	(240,744)	-	-	(3,302,904)
Machinery and equipment	(17,651,093)	(1,177,633)	627,586	-	(18,201,140)
Intangible assets	(225,458)	-	-	-	(225,458)
Total accumulated depreciation/amortization	<u>(126,756,468)</u>	<u>(7,817,558)</u>	<u>627,586</u>	<u>-</u>	<u>(133,946,440)</u>

Total capital assets, (depreciable/amortizable), net

	<u>159,640,951</u>	<u>(6,529,108)</u>	<u>-</u>	<u>280,143</u>	<u>153,391,986</u>
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School Board capital assets, net

	<u>\$ 170,634,495</u>	<u>\$ (1,219,509)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 169,414,986</u>
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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	\$ 456,544
Judicial administration	262,203
Public safety	2,312,814
Public works	269,671
Health and welfare	18,966
Parks, recreation, and cultural	1,091,270
Community development	58,708
Total governmental activities	<u>\$ 4,470,176</u>

Primary government – business-type activities

Landfill and Recycling Fund	\$ 1,184,150
Airport Fund	201,651
Total business-type activities	<u>\$ 1,385,801</u>

Component unit – School Board

	<u>\$ 7,817,558</u>
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NOTE 7 – CAPITAL ASSETS (CONTINUED)

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

	Primary Government		Component Unit - School Board	Reporting Entity Total
	Governmental Activities	Business-Type Activities		
Total capital assets	\$ 87,339,795	\$ 41,812,084	\$ 169,414,986	\$ 298,566,865
Long-term obligations applicable to capital assets:				
General obligation bonds	-	-	44,225,000	44,225,000
Capital leases	6,432,468	-	12,583,712	19,016,180
Financing leases	19,240,000	6,335,000	-	25,575,000
Revenue bonds	-	1,314,792	-	1,314,792
Direct bond	-	-	8,805,000	8,805,000
Premium on bonds payable	2,028,474	720,214	1,460,278	4,208,966
Deferred charge on refunding	-	(228,250)	(667,782)	(896,032)
Less unspent proceeds as of June 30, 2020	(1,153,000)	-	(1,728,570)	(2,881,570)
Subtotal long-term obligations applicable to capital assets	26,547,942	8,141,756	64,677,638	99,367,336
Net investment in capital assets	\$ 60,791,853	\$ 33,670,328	\$ 104,737,348	\$ 199,199,529

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.

NOTE 8 – LONG-TERM OBLIGATIONS (CONTINUED)

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

In prior years, the County has refunded certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the refunded bonds. Accordingly, the trust account assets and the liability for the refunded bonds are not included in the County's financial statements. At June 30, 2020, \$22,585,000 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, 2020:

	Balance July 1, 2019	Additions	Retirements	Balance June 30, 2020	Amount Due Within One Year
General long-term obligations:					
General obligation bonds	\$ 8,550,000	\$ -	\$ 2,165,000	\$ 6,385,000	\$ 2,145,000
Direct Borrowings:					
Capital leases	4,441,976	4,838,400	936,630	8,343,746	1,248,850
Financing leases	23,465,000	-	890,000	22,575,000	895,000
Direct Placements:					
General obligation bonds	42,840,000	-	5,000,000	37,840,000	4,950,000
Direct bond	8,809,000	8,805,000	8,809,000	8,805,000	110,000
Pooled financing	460,000	-	225,000	235,000	235,000
Premium on bonds payable	4,658,654	-	701,471	3,957,183	621,928
Compensated absences	4,996,550	3,971,962	3,629,776	5,338,736	533,874
Incurred but not reported claims	3,052,377	420,636	-	3,473,013	868,253
Total general long-term obligations	<u>\$ 101,273,557</u>	<u>\$ 18,035,998</u>	<u>\$ 22,356,877</u>	<u>\$ 96,952,678</u>	<u>\$ 11,607,905</u>
	Balance July 1, 2019	Additions	Retirements	Balance June 30, 2020	Amount Due Within One Year
Deferred amount on refunding	<u>\$ (1,194,063)</u>	<u>\$ (428,607)</u>	<u>\$ (629,306)</u>	<u>\$ (993,364)</u>	<u>\$ (280,098)</u>

NOTE 8 – LONG-TERM OBLIGATIONS (CONTINUED)

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

	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%.	\$ 6,385,000	\$ 2,145,000
Total General Obligation Bonds	\$ 6,385,000	\$ 2,145,000
Direct Borrowings:		
<u>Capital leases</u>		
\$415,000 School Bus Lease Series 2015, issued February 27, 2015, to fund school buses due in quarterly installments beginning May 27, 2015 through February 27, 2022, with interest payable quarterly at 1.789%. Four school buses costing \$376,930, are pledged as security for the debt. Accumulated depreciation at June 30, 2020 was \$207,295.	\$ 108,659	\$ 61,675
\$391,658 School Bus Lease Series 2015, issued February 3, 2016, due in quarterly installments beginning May 3, 2016 through February 3, 2023, with interest payable quarterly at 1.734%. Four school buses costing \$391,658, are pledged as security for the debt. Accumulated depreciation at June 30, 2020 was \$117,486.	159,545	57,140
\$785,606 Ambulance Lease Series 2015, issued July 15, 2016, due in annual installments beginning October 15, 2016 through July 15, 2023, with interest payable annually at 1.532%. Three ambulances costing \$782,757, are pledged as security for the debt. Accumulated depreciation at June 30, 2020 was \$391,377.	187,593	56,731
\$392,774 School Bus Lease Series 2015, issued July 15, 2016, due in quarterly installments beginning October 15, 2016 through July 15, 2023 with interest payable quarterly at 1.532%. Four school buses costing \$392,774 are pledged as security for the debt. Accumulated depreciation at June 30, 20120 was \$104,728.	202,434	116,133
\$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.	2,383,130	365,068
\$806,659 School Bus Lease Series 2015, issued July 30, 2018, due in semi-annual 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, 2020 was \$103,572.	647,804	109,955
\$865,400 School Bus Lease Series 2015 issued July 19, 2019 due in semi-annual installments beginning January 19, 202 through July 19, 2026 with interest payable semi-annually at 2.090%. Eight school buses costing \$747,131 are pledged as security for the debt. Accumulated depreciation at June 30, 202 was \$49,803.	807,676	117,265
\$2,820,000 Public Safety Radio System Lease Series 2016, issued on August 9, 2019 to fund upgrades to the public safety radio system due in semi-annual installments beginning February 9, 2020 through August 9, 2029 with interest payable quarterly at 2.318%. The radio system infrastructure and subscriber units are pledged as security for the debt. Accumulated depreciation at June 30, 2020 was \$0 as the project is still in progress.	\$ 2,693,905	\$ 256,597

NOTE 8 – LONG-TERM OBLIGATIONS (CONTINUED)

	<u>Amount Outstanding</u>	<u>Amount Due Within One Year</u>
Direct Borrowings (continued)		
\$1,153,000 Public Safety Radio System Lease Series 2016, issued on April 30, 2020 to fund upgrades to the public safety radio system due in semi-annual installments beginning October 30, 2020 through April 30, 2030 with interest payable semi-annually at 1.382%. The radio system infrastructure and subscriber units are pledged as security for the debt. Accumulated depreciation at June 30, 2020 was \$0 as the project is still in progress.	\$ 1,153,000	\$ 108,286
<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.	560,000	275,000
\$2,775,000 Vint Hill 2016C Virginia Resources Authority Financing Lease, issued November 16, 2016, maturing annually beginning October 1, 2022 through October 1, 2029, with interest payable semiannually at a rate of 5.125%. A leasehold interest in the Vint Hill Sewer Treatment Plant, owned by Fauquier County Water and Sewer Authority secures the debt.	2,775,000	-
\$4,490,000 Virginia Resource Authority Financing Lease, Series 2018 issued on May 23, 2018 maturing 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.	4,350,000	145,000
\$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.	8,705,000	285,000
\$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.	3,510,000	105,000
\$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.	<u>2,675,000</u>	<u>85,000</u>
Total Direct Borrowings	\$ <u>30,918,746</u>	\$ <u>2,143,850</u>

NOTE 8 – LONG-TERM OBLIGATIONS (CONTINUED)

	<u>Amount Outstanding</u>	<u>Amount Due Within One Year</u>
Direct Placements:		
<u>General obligation bonds</u>		
\$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%.	\$ 225,000	\$ 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%.	640,000	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%.	2,320,000	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%.	925,000	185,000
\$11,540,000 Virginia Public School Authority Bonds, Series 2005A, issued November 10, 2005, maturing annually from July 15, 2006 through July 15, 2025, with interest payable semiannually at rates from 4.60% to 5.10%.	3,450,000	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.	13,615,000	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%.	6,600,000	800,000
\$9,880,000 Virginia Public School Authority Bonds, Series 2012B, issued May 10, 2012, maturing annually from July 15, 2013 through July 15, 2032, with interest payable semiannually at rates from 2.55% to 5.05%.	7,455,000	425,000
\$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%.	\$ 2,610,000	\$ 135,000

NOTE 8 – LONG-TERM OBLIGATIONS (CONTINUED)

	Amount Outstanding	Amount Due Within One Year
Direct Placements (continued):		
<u>Direct Bond:</u>		
\$8,805,000 JP Morgan Direct Bond, Series 2019, issued October 11, 2019, maturing semiannually from January 15, 2020 through January 15, 2026 with interest payable semiannually at 1.72%.	\$ 8,805,000	\$ 110,000
<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%.	235,000	235,000
Total Direct Placements	\$ 46,880,000	\$ 5,295,000
Premium on bonds payable	3,957,183	621,928
Compensated absences	5,338,736	533,874
Incurred but not reported claims	3,473,013	868,253
Total governmental activities long-term obligations	\$ 96,952,678	\$ 11,607,905

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
2021	\$ 2,145,000	\$ 212,500	\$ 1,248,850	\$ 157,479	\$ 895,000	\$ 962,472
2022	2,130,000	127,000	1,225,545	133,368	935,000	916,003
2023	2,110,000	42,200	1,099,040	110,629	970,000	867,613
2024	-	-	1,031,228	89,328	1,025,000	816,491
2025	-	-	1,037,084	68,652	1,075,000	762,678
2026-2030	-	-	2,702,000	113,552	6,315,000	2,900,210
2031-2035	-	-	-	-	5,655,000	1,451,666
2036-2040	-	-	-	-	5,705,000	415,391
Total	\$ 6,385,000	\$ 381,700	\$ 8,343,747	\$ 673,008	\$ 22,575,000	\$ 9,092,524

NOTE 8 – LONG-TERM OBLIGATIONS (CONTINUED)

Fiscal Year	Direct Placements					
	General obligation bonds		Direct bond		Pooled financing	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 4,950,000	\$ 1,818,379	\$ 110,000	\$ 150,500	\$ 235,000	\$ 5,647
2022	4,755,000	1,616,923	110,000	148,608	-	-
2023	4,225,000	1,430,581	110,000	146,716	-	-
2024	4,245,000	1,252,103	2,190,000	126,936	-	-
2025	3,705,000	1,081,099	2,145,000	89,655	-	-
2025	3,555,000	927,246	2,095,000	53,191	-	-
2026	3,005,000	795,778	2,045,000	17,587	-	-
2027	3,040,000	678,994	-	-	-	-
2028	1,375,000	599,093	-	-	-	-
2029	1,410,000	566,349	-	-	-	-
2026-2030	12,385,000	3,567,549	4,140,000	70,778	-	-
2031-2035	3,575,000	425,495	-	-	-	-
Total	\$ 37,840,000	\$ 11,192,039	\$ 8,805,000	\$ 733,193	\$ 235,000	\$ 5,647

BUSINESS-TYPE ACTIVITIES

The following is a summary of long-term obligations of the business-type activities for the year ended June 30, 2020:

	Balance July 1, 2019	Additions	Retirements	Balance June 30, 2020	Amount Due Within One Year
Business-type activities long-term obligations:					
Direct borrowings:					
Financing lease	\$ 6,525,000	\$ -	\$ 190,000	\$ 6,335,000	\$ 195,000
Direct placements:					
Revenue bonds	1,653,089	76,843	415,140	1,314,792	269,792
Premium on bonds payable	798,518	-	78,304	720,214	74,974
Compensated absences	105,563	160,443	97,423	168,583	16,858
Landfill closure and postclosure liability	15,860,002	194,087	-	16,054,089	-
Total business-type activities long-term obligations	\$ 24,942,172	\$ 431,373	\$ 780,867	\$ 24,592,678	\$ 556,624
Deferred amount on refunding	\$ (248,747)	\$ -	\$ (20,497)	\$ (228,250)	\$ (19,892)

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.

NOTE 8 – LONG-TERM OBLIGATIONS (CONTINUED)

Direct borrowings:

Financing Lease

\$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.

	Amount Outstanding	Amount Due Within One Year
	\$ 6,335,000	\$ 195,000
Total Financing Lease	\$ 6,335,000	\$ 195,000

Direct placements:

Revenue bonds

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

\$ 1,110,000	\$ 65,000
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\$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%.

204,792	204,792
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Total Revenue Bonds	\$ 1,314,792	\$ 269,792
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Premium on bonds payable	720,214	74,974
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Compensated absences	168,583	16,858
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Landfill closure and postclosure liability	16,054,089	-
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Total business-type activities long-term obligations	\$ 24,592,678	\$ 556,624
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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
2021	\$ 195,000	\$ 279,522	\$ 269,792	\$ 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	245,000	234,422	75,000	39,172
2026-2030	1,395,000	985,194	440,000	136,019
2031-2035	1,700,000	682,753	320,000	25,369
2036-2040	2,140,000	251,675	-	-
Total	\$ 6,335,000	\$ 3,207,429	\$ 1,314,792	\$ 392,720

NOTE 8 – LONG-TERM OBLIGATIONS (CONTINUED)

DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD

The following is a summary of long-term obligations of the School Board for the year ended June 30, 2020:

	Balance July 1, 2019	Additions	Retirements	Balance June 30, 2020	Amount Due Within One Year
General long-term obligations:					
Direct borrowing:					
Capital lease	\$ 10,672,434	\$ -	\$ -	\$ 10,672,434	\$ (268,661)
Compensated absences	4,174,982	5,384,354	5,336,154	4,223,182	422,318
Total general long-term obligations	\$ 14,847,416	\$ 5,384,354	\$ 5,336,154	\$ 14,895,616	\$ 153,657

Details of long-term obligations are outlined below:

Details of long-term obligations are as follows:

	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, 2020 was \$0 as the project is still in progress.	\$ 10,672,434	\$ (268,661)
Total Capital Leases	\$ 10,672,434	\$ (268,661)
Compensated absences	4,223,182	422,318
Total component unit long-term obligations	\$ 14,895,616	\$ 153,657

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

	Direct Borrowing	
	Capital lease	
Fiscal Year	Principal	Interest
2021	\$ (268,661)	\$ 746,747
2022	598,938	357,235
2023	618,926	337,246
2024	639,582	316,590
2025	660,928	295,244
2026-2030	3,650,602	1,130,260
2031-2035	4,301,817	479,045
2036-2040	470,303	7,784
Total	\$ 10,672,435	\$ 3,670,151

The amount due in one year is negative because the payment is an interest only payment that is less than the total amount of interest accrued by \$268,661. The difference of \$268,661 is being added to the principal of the loan.

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, 2020:

	Balance July 1, 2019	Additions	Retirements	Balance June 30, 2020	Amount Due Within One Year
General long-term commitments:					
USDA Notes	\$ 7,944,998	\$ -	\$ 177,324	\$ 7,767,674	\$ 184,255
				Amount Outstanding	Amount Due Within One Year
USDA Loans:					
\$2,900,000 issued to Warrenton Volunteer Fire Company, Inc., on March 12, 2007, due in annual installments for principal and interest beginning March 12, 2010 through March 12, 2047, with interest payable annually at 4.125%.				\$ 2,454,279	\$ 51,214
\$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%.				856,144	16,178
\$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%.				4,457,251	116,863
Total long-term commitments	\$ 7,767,674	\$		\$ 7,767,674	\$ 184,255

NOTE 9 – COMMITMENTS (CONTINUED)

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 184,255	\$ 305,842
2022	191,457	298,640
2023	198,943	291,154
2024	206,721	283,376
2025	214,805	275,292
2026-2030	1,206,830	1,243,655
2031-2035	1,462,185	988,300
2036-2040	1,771,775	678,710
2041-2045	1,898,202	303,328
2046-2048	<u>432,501</u>	<u>30,777</u>
Total	\$ <u>7,767,674</u>	\$ <u>4,699,074</u>

B. Construction commitments

At June 30, 2020, the County has several major projects under construction which are summarized below:

<u>Project Name</u>	<u>Contractor</u>	<u>Contract Amount</u>	<u>Expended to Date</u>	<u>Balance</u>
Orlean VFD Project	Orlean VFD	\$ 5,544,906	\$ 5,543,616	\$ 1,290
Catlett-Calverton Wastewater Treatment System	English Construction	8,185,587	629,343	7,556,244
Airport T-Hanger Taxilanes	Sargent Corporation	4,400,061	4,205,338	194,723
Airport Terminal	Taft Construction	4,281,658	4,151,475	130,183
Rehab T-Hanger Taxilanes Phase 2 (Non-AIP)	Chemung Contracting	641,675	464,418	177,257
Rehab T-Hanger Taxilanes Phase 2 (AIP)	Chemung Contracting	1,022,617	650,943	371,674
Rehab T-Hanger Taxilanes Phase 2	Chemung Contracting	<u>1,822,244</u>	<u>1,518,966</u>	<u>303,278</u>
Total		\$ <u>25,898,748</u>	\$ <u>17,164,099</u>	\$ <u>8,734,649</u>

As of June 30, 2020, Fauquier County School Board had the following major projects in process:

<u>Project Name</u>	<u>Contractor</u>	<u>Contract Amount</u>	<u>Expended to Date</u>	<u>Balance</u>
Energy Saving Projects	ABM Facilities Support Services	\$ <u>10,130,950</u>	\$ <u>8,731,066</u>	\$ <u>1,399,884</u>
Total		\$ <u>10,130,950</u>	\$ <u>8,731,066</u>	\$ <u>1,399,884</u>

NOTE 9 – COMMITMENTS (CONTINUED)

C. Memorandum of Understanding

In fiscal year 2020, the County entered into a memorandum of understanding (MOU) with the Economic Development Authority of Fauquier County (Economic Development Authority), the Fauquier County Broadband Authority (Broadband Authority), and an external vendor to facilitate the expansion of broadband capabilities and access across the County. The County provided both grant funding and county resources to the Economic Development Authority, which in turn used the funding to pay the third party vendor to purchase transmission equipment, install the equipment on approved tower sites and assets owned by the County, establish service for citizens and businesses in Fauquier County, and charge for subscriber fees. For equipment purchased, the County received a security interest lien on the equipment and the Economic Development Authority agreed to reimburse the external vendor for rent paid, backhaul, and fiber expenses for each operational site, and administrative costs. The Economic Development Authority will receive 20% of the subscriber fees collected by the external vendor from customers.

D. 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	\$ 57,617
Economic Development Office, 35 Culpeper Street	31,559
Mason Enterprise Center, 70 Main Street	96,812
Fauquier Enterprise Center, 8452 Renalds Avenue	18,050

All leases are subject to annual appropriation of rental payments.

NOTE 11 – TAX ABATEMENT DISCLOSURES

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

On November 8, 2018, Fauquier County, through ordinance of the County Board of Supervisors, agreed to provide a donation to a not-for-profit organization in the amount of the annual real estate taxes assessed for the building occupied by the not-for-profit organization within thirty days of receipt of the payment of real estate taxes by the not-for profit

NOTE 11 – TAX ABATEMENT DISCLOSURES (CONTINUED)

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.

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.

NOTE 11 – TAX ABATEMENT DISCLOSURES (CONTINUED)

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.

For fiscal year ended June 30, 2020, the County had abated taxes as follows:

Tax Abatement Area	Taxes Abated during the fiscal year
<u>Affordable Housing</u>	
Real Estate Taxes	\$ 30,000
<u>Community Organizations</u>	
Real Estate Taxes	\$ 19,517
<u>Volunteer Emergency Services Agencies/Volunteer Fire Departments</u>	
Personal Property Taxes	\$ 146,542
<u>Local Technology</u>	
Tangible Property Taxes/Machinery and Tools Tax	\$ 1,665,398
<u>Tourism</u>	
Tangible Property Taxes/Machinery and Tools Tax	\$ 4,500

NOTE 12 – LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

The County of Fauquier, Virginia owns and operates a landfill site. State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$16,054,089 reported as landfill closure/postclosure care liability at June 30, 2020, represents the cumulative amount reported based on the use of 100% of the estimated capacity of the old landfill, the use of 73.14% of the estimated capacity of the new landfill, and the closure costs for the Construction and Demolition Recycling facility of \$30,407 and the Transfer Station of \$57,415. The County will recognize the remaining estimated cost of closure and postclosure care of \$3,344,602 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 2020.

NOTE 12 – LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS (CONTINUED)

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

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

NOTE 13 – VIRGINIA RETIREMENT SYSTEM PENSION PLAN

A. Plan descriptions

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

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

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>

NOTE 13 – VIRGINIA RETIREMENT SYSTEM PENSION PLAN (CONTINUED)

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.
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. If the member has elected a benefit payout option other than the Basic Benefit, an option factor specific to the option chosen is applied.
Average Final Compensation	A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.
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.

NOTE 13 – VIRGINIA RETIREMENT SYSTEM PENSION PLAN (CONTINUED)

Cost-of-Living Adjustment (COLA) in Retirement	<p>The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.</p> <p>Eligibility: For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date.</p> <p>For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.</p> <p>Exceptions to COLA Effective Dates: The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member retires directly from short-term or long-term disability. • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.
Disability Coverage	Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.
Purchase of Prior Service	Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as 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.</p> <p>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>

NOTE 13 – VIRGINIA RETIREMENT SYSTEM PENSION PLAN (CONTINUED)

Earliest Reduced Retirement Eligibility	VRS: Age 60 with at least five years (60 months) of creditable service. Political subdivisions hazardous duty employees: Same as Plan 1.
Cost of Living Adjustment (COLA) in Retirement	The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%. Eligibility: Same as Plan 1. Exceptions to COLA Effective Dates: Same as Plan 1.
Disability Coverage	Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.
Purchase of Prior Service	Same as Plan 1.
About Hybrid Retirement Plan	The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. <ul style="list-style-type: none"> • The defined benefit is based on a member's age, 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>
Eligible Members	Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes: <ul style="list-style-type: none"> • Political subdivision or school division employees.* • Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014. <p>*Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> • Political subdivision employees who are covered by enhanced benefits for hazardous duty employees. <p>Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP. This does not apply to the VRS Teacher Retirement Plan.</p>
Retirement Contributions	<ul style="list-style-type: none"> • A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.
Creditable Service	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. Defined Contributions Component: Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.

NOTE 13 – VIRGINIA RETIREMENT SYSTEM PENSION PLAN (CONTINUED)

Vesting	<p><u>Defined Benefit Component:</u> 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><u>Defined Contributions Component:</u> Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.</p> <p>Members are always 100% vested in the contributions that they make.</p> <p>Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p> <ul style="list-style-type: none"> • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. <p>Distribution is not required, except as governed by law.</p>
Calculating the Benefit	<p><u>Defined Benefit Component:</u> See definition under Plan 1.</p> <p><u>Defined Contribution Component:</u> The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.</p>
Average Final Compensation	Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.
Service Retirement Multiplier	<p><u>Defined Benefit Component:</u> 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><u>Defined Contribution Component:</u> Not applicable.</p>
Normal Retirement Age	<p><u>Defined Benefit Component:</u> VRS: Same as Plan 2.</p> <p>Political subdivision hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
Earliest Unreduced Retirement Eligibility	<p><u>Defined Benefit Component:</u> 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.</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
Earliest Reduced Retirement Eligibility	<p><u>Defined Benefit Component:</u> VRS: Age 60 with at least five years (60 months) of creditable service.</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
Cost of Living Adjustment (COLA) in Retirement	<p><u>Defined Benefit Component:</u> Same as Plan 2.</p> <p><u>Defined Contribution Component:</u> Not Applicable.</p> <p><u>Eligibility:</u> Same as Plan 1 and Plan 2.</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1 and Plan 2.</p>
Disability Coverage	<p>Employees of political subdivisions and school divisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.</p> <p>Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>
Purchase of Prior Service	<p><u>Defined Benefit Component:</u> Same as Plan 1, with the following exception:</p> <ul style="list-style-type: none"> • Hybrid Retirement Plan members are ineligible for ported service. <p><u>Defined Contribution Component:</u> Not applicable.</p>

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, 2019. 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, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

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

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

NOTE 13 – VIRGINIA RETIREMENT SYSTEM PENSION PLAN (CONTINUED)

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

General employees and School Board Non-professional employees: The actuarial assumptions for general employees and School Board Non-professional employees used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 – Non-LEOS:

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

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

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

Public safety employees: The actuarial assumptions for public safety employees used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 – Hazardous Duty:

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

All Others (Non 10 Largest) – Hazardous Duty:

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

School Board professional employees: The actuarial assumptions for School Board professional employees used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

D. Long-Term Expected Rate of Return

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

NOTE 13 – VIRGINIA RETIREMENT SYSTEM PENSION PLAN (CONTINUED)

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	88.00%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP- Private Investment Partnership	3.00%	6.29%	0.19%
Total	100.00%		5.13%
		Inflation	2.50%
		*Expected arithmetic normal return	7.63%

* The above allocate provides a one-year return of 7.63%. However, one year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

E. Discount Rate

The discount rate used to measure the total pension liabilities was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between the actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, 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, 2019, the alternate rate was the employer contribution rate used in FY2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017, actuarial valuations, whichever was greater. From July 1, 2019 on, participating employers and School Boards are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net positions were projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine total pension liabilities.

F. Employees Covered by the Benefit Terms

As of the June 30, 2018 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	318	179
Inactive members entitled to but not yet receiving benefits		
Vested	120	48
Non-vested	239	177
Active elsewhere in the VRS	228	110
Total inactive members	<u>587</u>	<u>335</u>
Active members	<u>671</u>	<u>347</u>
Total	1,576	861

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, 2020 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.

School Board: The contractually required contribution rate for the year ended June 30, 2020 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, 2020 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.

The chart below summarizes the contribution requirements for each plan:

NOTE 13 – VIRGINIA RETIREMENT SYSTEM PENSION PLAN (CONTINUED)

	Primary Government		School Board			
	Retirement Plan		Non- professional Retirement Plan	Teacher Retirement Plan		
Annual Covered Payroll	\$	41,514,273	\$	8,077,614	\$	78,772,804
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, 2020		3,522,727		325,377		11,960,052
Contributions recognized, June 30, 2019	\$	3,382,113	\$	334,943	\$	11,554,803

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

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

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

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at June 30, 2018	\$ 126,701,356	\$ 120,402,866	\$ 6,298,490
Changes for the Year			
Service Cost	4,430,044	-	4,430,044
Interest	8,715,293	-	8,715,293
Changes of assumptions	4,327,503	-	4,327,503
Difference between expected and actual experience	77,578	-	77,578
Contributions- employer	-	3,382,111	(3,382,111)
Contributions- employee	-	1,915,523	(1,915,523)
Net investment income	-	8,165,891	(8,165,891)
Benefit payments, including refunds of employee contributions	(4,394,344)	(4,394,344)	-
Administrative expense	-	(77,623)	77,623
Other changes	-	(5,164)	5,164
Net Changes	13,156,074	8,986,394	4,169,680
Balances at June 30, 2019	\$ 139,857,430	\$ 129,389,260	\$ 10,468,170
Sensitivity of the Net Pension Liability to Changes in Discount Rate	1% Decrease 5.75%	Discount Rate 6.75%	1% increase 7.75%
	\$ 30,060,815	\$ 10,468,170	\$ (5,028,739)

School Board:

The following table presents the changes in the net pension liability and the sensitivity of the net pension liability to changes in the discount rate for Non-professional Retirement Plan and also the School Board's proportionate share of the total pension liability, plan fiduciary net position and the net pension liability of the Teacher Employee Retirement Plan. The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net

NOTE 13 – VIRGINIA RETIREMENT SYSTEM PENSION PLAN (CONTINUED)

pension liability was determined by an actuarial valuation as of June 30, 2018 and rolled forward to the measurement date of June 30, 2019. 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, 2019 relative to the total of the actuarially determined contributions for all participating employers. At June 30, 2019, the School Board's proportion was .90164% as compared to .90285% at June 30, 2018.

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, 2019, net pension liability for the VRS Teacher Employee Retirement plans is as follows (amounts expressed in thousands):

	Teacher Employee Retirement Plan
Total Pension Liability	\$ 49,683,336
Plan Fiduciary Net Pension	36,522,769
Employer's Net Pension Liability (Asset)	\$ 13,160,567
Plan Fiduciary Net Position as Percentage of the Total Pension Liability	73.51%

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, 2018	\$ 25,232,369	\$ 27,086,993	\$ (1,854,624)
Changes for the Year			
Service Cost	703,953	-	703,953
Interest	1,722,409	-	1,722,409
Changes of assumptions	725,682	-	725,682
Difference between expected and actual experience	121,516	-	121,516
Contributions- employer	-	333,665	(333,665)
Contributions- employee	-	373,811	(373,811)
Net investment income	-	1,796,186	(1,796,186)
Benefit payments, including refunds of employee contributions	(1,253,057)	(1,253,057)	-
Administrative expense	-	(17,904)	17,904
Other changes	-	(1,130)	1,130
Net Changes	2,020,503	1,231,571	788,932
Balances at June 30, 2019	\$ 27,252,872	\$ 28,318,564	\$ (1,065,692)
Teacher Cost Sharing Plan			
Proportionate share .901039% of the collective pension liability, fiduciary net position, and net pension liability	447,965,000	329,304,000	118,661,000
Total School Board Balances at June 30, 2019	\$ 475,217,872	\$ 357,622,564	\$ 117,595,308
Sensitivity of the Net Pension Liability to Changes in Discount Rate	1% Decrease 5.75%	Discount Rate 6.75%	1% increase 7.75%
School Board (non teacher) net pension liability	\$ 2,050,220	\$ (1,065,692)	\$ (3,558,682)
School Board (teacher cost sharing pool) proportionate share of the collective net pension liability	\$ 178,636,000	\$ 118,661,000	\$ 69,072,000

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, 2020, the County recognized pension expense totaling \$4,277,337. The School Board recognized pension expense of \$576,971 for Non-professional Retirement Plan and \$11,019,546 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, 2020, 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	\$ 391,728	\$ -	\$ 125,097	\$ -	\$ -	\$ (7,598,362)
Net difference between projected and actual earnings on pension plan investments	-	(1,128,798)	-	(240,551)	-	(2,605,513)
Changes in assumptions	3,128,749	(101,108)	450,802	-	11,750,216	-
Changes in proportion and differences between employer contributions and the proportionate share of contributions	-	-	-	-	-	(3,400,575)
Contributions subsequent to the measurement date	<u>3,522,727</u>	<u>-</u>	<u>325,377</u>	<u>-</u>	<u>11,960,052</u>	<u>-</u>
Total	<u>\$ 7,043,204</u>	<u>\$ (1,229,906)</u>	<u>\$ 901,276</u>	<u>\$ (240,551)</u>	<u>\$ 23,710,268</u>	<u>\$ (13,604,450)</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, 2021. 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:			
2021	\$ 1,283,255	\$ 365,362	\$ (1,267,718)
2022	239,945	(40,788)	(3,374,989)
2023	709,167	(5,256)	192,774
2024	58,204	16,030	1,661,830
2025	-	-	933,869

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 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 an unreduced benefit through VRS and not on VRS Medical Disability.
Benefit Amounts	<ul style="list-style-type: none">• Pre-65: Portable monthly health credit of \$16.67 per year 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 provided for the employee only (credit not provided for dependents).

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

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

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

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

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 \$8,463 effective July 1, 2020.</p>

Detailed information about the VRS GLI Program's Fiduciary Net Position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 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 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 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, Credit, and Health Coverage Plans: The net OPEB liability for the Continuation, Credit, and Health Coverage Plans was measured as of June 30, 2020 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed on June 30, 2020, 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, 2020 are noted in the table below:

	Continuation Plan	Credit Plan	Health Coverage Plan
Inflation	2.50%	2.50%	2.50%
Salary increases, including inflation	3.50%	3.50%	3.50%
Investment rate of return	2.66%	7.50%	7.50%
Health care cost trend rates	7.50%, decreasing to an ultimate rate of 4.5%	7.50%, decreasing to an ultimate rate of 4.5%	7.50%, 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, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2018–June 30, 2019.

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, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed on June 30, 2018, using the Entry Age Normal Actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

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

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

NOTE 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, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016 except the change in discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study are as follows:

General employees and School Board Non-professional employees:

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

JRS employees:

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

Largest Ten Locality Employers – General Employees:

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

Non Largest Ten Locality Employers – General Employees:

- Updated mortality rates to a more current mortality table- RP-2014 projected to 2020
- Lowered retirement rates at older ages and extended final retirement from 70 to 75
- Adjusted withdrawal rates by adjusting termination rates to better fit experience at each extended age and service year

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS PROGRAM (CONTINUED)

- Lowered disability rates
- No changes to salary scale
- Increased line of duty disability rate from 14% to 15%
- Decreased discount rate from 7.00% to 6.75%

Public safety employees:**SPORS employees:**

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

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%
- Decreased discount rate from 7.00% to 6.75%

Largest Ten Locality Employers – Hazardous Duty employees:

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

Non-Largest Ten Locality Employers – Hazardous Duty employees:

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

Teachers:

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

D. Long Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Large Cap Equity	26.00%	7.12%
U.S. Small Cap Equity	10.00%	8.43%
Developed Non U.S. Equity	13.00%	8.15%
Emerging Market Equity	5.00%	9.49%
Private Equity	5.00%	10.44%
Long/Short Equity	6.00%	5.46%
Fixed Income	25.00%	2.86%
Real Estate	10.00%	6.72%
Total	100.00%	7.87%

The money-weighted rate of return on OPEB plan investments for the fiscal year ending June 30, 2020 was 3.01%. A money weighted rate of return expresses investment performance, net of OPEB plan investment expense, adjusted for the changing amounts actually invested.

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

E. Discount Rate

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

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

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS PROGRAM (CONTINUED)

	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, 2019	3.51%	2.79%	3.13%	2.79%-3.51%	3.51%
Yield as of June 30, 2020	2.21%	2.66%	2.45%	2.21%-2.66%	2.66%
Credit Plan					
Yield as of July 1, 2019	3.51%	2.79%	3.13%	2.79%-3.51%	7.50%
Yield as of June 30, 2020	2.21%	2.66%	2.45%	2.21%-2.66%	7.50%
Health Coverage Plan					
Yield as of July 1, 2019	3.51%	2.79%	3.13%	2.79%-3.51%	7.50%
Yield as of June 30, 2020	2.21%	2.66%	2.45%	2.21%-2.66%	7.50%

VRS GLI and Teachers' HIC Programs: The discount rate used to measure the total GLI and HIC liabilities was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between the actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, the rate contributed by the entity for the GLI and HIC OPEB will be subject to the portion of the VRS Board-Certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2019 on, participating employers and School Boards are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI and HIC OPEB's fiduciary net positions were projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine total GLI and HIC liabilities.

F. Employees Covered by the Benefit

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

	Continuation Plan	Credit Plan	Health Coverage Plan
Retiree's currently receiving benefit payments	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

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS PROGRAM (CONTINUED)

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 \$152,361 in fiscal year 2020 and \$138,432 in fiscal year 2019.

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 \$34,468 in fiscal year 2020 and \$32,610 in fiscal year 2019.

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% ($1.31\% \times 60\%$) and the employer component was 0.52% ($1.31\% \times 40\%$). 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, 2020 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 \$216,120 and \$205,987 to the VRS GLI Program for the years ended June 30, 2020 and June 30, 2019, respectively. For the year ending June 30, 2020, Fauquier County School Board contributed \$410,920 for the teachers and \$42,442 for the non-professional employees to the VRS GLI program. For the years 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.

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, 2020 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, 2017. 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 \$945,274 and \$906,889 to the VRS Teachers HIC Program for the years ended June 30, 2020 and June 30, 2019, respectively.

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS PROGRAM (CONTINUED)
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, 2019	\$ 2,160,762	\$ -	\$ 2,160,762	\$ 2,384,229	\$ 939,744	\$ 1,444,485
Changes for the Year						
Service Cost	132,455	-	132,455	59,565	-	59,565
Interest	79,615	-	79,615	182,687	-	182,687
Changes in assumptions	213,242	-	213,242	-	-	-
Difference between expected and actual experience	(88,012)	-	(88,012)	(29,894)	-	(29,894)
Contributions- employer	-	50,394	(50,394)	-	-	-
Contributions- employee	-	-	-	-	152,361	(152,361)
Net investment income	-	-	-	-	44,949	(44,949)
Benefit payments, including refunds of employee contributions	(50,394)	(50,394)	-	(16,226)	(16,226)	-
Administrative expense	-	-	-	-	(1,512)	1,512
Other changes	-	-	-	-	-	-
Net Changes	286,906	-	286,906	196,132	179,572	16,560
Balances at June 30, 2020	<u>\$ 2,447,668</u>	<u>\$ -</u>	<u>\$ 2,447,668</u>	<u>\$ 2,580,361</u>	<u>\$ 1,119,316</u>	<u>\$ 1,461,045</u>

Schedule of Changes in the Net OPEB Liability						
School Board						
	Continuation Plan			Health Coverage Plan		
	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
Balances at June 30, 2019	\$ 3,221,849	\$ -	\$ 3,221,849	\$ 95,666	\$ 32,610	\$ 63,056
Changes for the Year						
Service Cost	300,491	-	300,491	10,688	-	10,688
Interest	120,609	-	120,609	7,977	-	7,977
Changes in assumptions	162,294	-	162,294	-	-	-
Difference between expected and actual experience	(149,150)	-	(149,150)	(4,235)	-	(4,235)
Contributions- employer	-	173,877	(173,877)	-	34,468	(34,468)
Contributions- employee	-	-	-	-	-	-
Net investment income	-	-	-	-	991	(991)
Benefit payments, including refunds of employee contributions	(173,877)	(173,877)	-	-	-	-
Administrative expense	-	-	-	-	(404)	404
Net Changes	260,367	-	260,367	14,430	35,055	(20,625)
Balances at June 30, 2020	<u>\$ 3,482,216</u>	<u>\$ -</u>	<u>\$ 3,482,216</u>	<u>\$ 110,096</u>	<u>\$ 67,665</u>	<u>\$ 42,431</u>

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS PROGRAM (CONTINUED)

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, 2019, net OPEB liability amounts for the programs are as follows (amounts expressed in thousands):

	VRS GLI Program	VRS Teachers HIC Program
Total OPEB Liability	\$ 3,390,238	\$ 1,438,114
Plan Fiduciary Net Position	<u>1,762,972</u>	<u>129,016</u>
Net GLI OPEB Liability	<u>\$ 1,627,266</u>	<u>\$ 1,309,098</u>
Plan Fiduciary Net Position as a percentage of Total OPEB Liability	52.00%	8.97%

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

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

The table below outlines the proportionate share of the total OPEB liability, fiduciary net position and net OPEB liabilities for the VRS GLI and Teachers HIC Programs at June 30, 2020:

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
VRS GLI Program			
Fauquier County proportionate share (.20207%) of the collective OPEB liability, fiduciary net position, and net OPEB liability	\$ 6,850,000	\$ 3,562,000	\$ 3,288,000
Fauquier County School Board (non-professional) proportionate share (.04081 %) of the collective OPEB liability, fiduciary net position, and net OPEB liability	1,383,000	719,000	664,000
Fauquier County School Board (teachers) proportionate share (.38576%) of the collective OPEB liability, fiduciary net position, and net OPEB liability	13,078,000	6,801,000	6,277,000
VRS Teachers Retirement HIC Program			
Fauquier County School Board (teachers) proportionate share (.90101%) of the collective OPEB liability, fiduciary net position, and net OPEB liability	\$ 12,958,000	\$ 1,162,000	\$ 11,796,000

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS PROGRAM (CONTINUED)

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

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

		Continuation Plan			Credit Plan		
		1% Decrease 1.66%	Current Rate 2.66%	1% Increase 3.66%	1% Decrease 6.50%	Current Rate 7.50%	1% Increase 8.50%
Primary Government							
Sensitivity of the Net OPEB							
Liability to changes in Discount							
Rate							
	\$	2,726,805	\$ 2,447,668	\$ 2,198,974	\$ 1,801,652	\$ 1,461,045	\$ 1,174,453
		1% Decrease 6.50%	Current Rate 7.50%	1% Increase 8.50%	1% Decrease 6.50%	Current Rate 7.50%	1% Increase 6.50%
Sensitivity of the Net OPEB							
Liability to changes in Health							
Care Trend Rate							
	\$	2,096,689	\$ 2,447,668	\$ 2,874,623	\$ 1,461,045	\$ 1,461,045	\$ 1,461,045
		Continuation Plan			Health Coverage Plan		
		1% Decrease 1.66%	Current Rate 2.66%	1% Increase 3.66%	1% Decrease 6.50%	Current Rate 7.50%	1% Increase 8.50%
School Board							
Sensitivity of the Net OPEB							
Liability to changes in Discount							
Rate							
	\$	3,674,281	\$ 3,482,216	\$ 3,291,527	48,094	42,431	37,118
		1% Decrease 6.50%	Current Rate 7.50%	1% Increase 8.50%	1% Decrease 6.50%	Current Rate 7.50%	1% Increase 8.50%
Sensitivity of the Net OPEB							
Liability to changes in Health							
Care Trend Rate							
	\$	3,063,673	\$ 3,482,216	\$ 2,974,098	34,769	42,431	49,507

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS PROGRAM (CONTINUED)

		VRS GLI Program						
		1% Decrease	Current Rate	1% Increase				
		5.75%	6.75%	7.75%				
Primary Government								
Sensitivity of the Net OPEB								
Liability to changes in Discount								
Rate		\$ 4,320,000	\$ 3,288,000	\$ 2,452,000				
School Board								
Non-professional								
Sensitivity of the Net OPEB								
Liability to changes in Discount								
Rate		\$ 872,000	\$ 664,000	\$ 495,000				
					VRS HIC Program			
					1% Decrease	Current Rate	1% Increase	
					5.75%	6.75%	7.75%	
Teachers								
Sensitivity of the Net OPEB								
Liability to changes in Discount								
Rate		\$ 8,247,000	\$ 6,277,000	\$ 4,680,000	\$ 13,201,000	\$ 11,796,000	\$ 10,601,000	

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

For the year ended June 30, 2020, the County recognized OPEB expense as follows:

	Continuation		Coverage	VRS GLI Program			VRS HIC	Total
	Plan	Credit Plan	Plan				Program	
				General	Non-	Teachers		
				employees	professional			
Primary Government	\$ 84,866	\$ 175,903	\$ -	\$ 121,000	\$ -	\$ -	\$ -	\$ 381,769
School Board	(25,773)	-	14,802	-	19,000	103,000	900,000	1,011,029
	\$ 59,093	\$ 175,903	\$ 14,802	\$ 121,000	\$ 19,000	\$ 103,000	\$ 900,000	\$ 1,392,798

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS PROGRAM (CONTINUED)

At June 30, 2020, 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	\$ -	\$ (526,185)	\$ -	\$ (1,377,532)
Changes in assumptions	261,822	(319,212)	139,109	(799,803)
Net difference between projected and actual earnings on OPEB plan investments	-	(15,145)	-	(30,060)
Total	<u>\$ 261,822</u>	<u>\$ (860,542)</u>	<u>\$ 139,109</u>	<u>\$ (2,207,395)</u>
Credit Plan				
Differences between expected and actual experience	\$ 3,643	\$ (30,651)	\$ -	\$ -
Changes in assumptions	22,249	-	-	-
Net difference between projected and actual earnings on OPEB plan investments	32,813	-	-	-
Total	<u>\$ 58,705</u>	<u>\$ (30,651)</u>	<u>\$ -</u>	<u>\$ -</u>
Health Coverage Plan				
Differences between expected and actual experience			\$ 644	\$ (2,823)
Changes in assumptions			-	(519)
Net difference between projected and actual earnings on OPEB plan investments			2,888	-
Total			<u>\$ 3,532</u>	<u>\$ (3,342)</u>

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS PROGRAM (CONTINUED)

	Primary Government		School Board			
	Deferred Outflows of Resources	Deferred Inflows of Resources	Non- Professional Deferred Outflows of Resources	Non- Professional Deferred Inflows of Resources	Teachers Deferred Outflows of Resources	Teachers Deferred Inflows of Resources
VRS GLI Program						
Differences between expected and actual experience	\$ 219,000	\$ (43,000)	\$ 44,000	\$ (9,000)	\$ 417,000	\$ (81,000)
Changes in assumptions	208,000	(99,000)	42,000	(20,000)	396,000	(189,000)
Net difference between projected and actual earnings on OPEB plan investments	-	(68,000)	-	(14,000)	-	(129,000)
Proportionate share impact	216,000	-	29,000	(13,000)	21,000	(190,000)
Contributions subsequent to the measurement date	<u>216,120</u>	<u>-</u>	<u>42,442</u>	<u>-</u>	<u>453,362</u>	<u>-</u>
Total	<u>\$ 859,120</u>	<u>\$ (210,000)</u>	<u>\$ 157,442</u>	<u>\$ (56,000)</u>	<u>\$ 1,287,362</u>	<u>\$ (589,000)</u>
VRS Teachers HIC Program						
Differences between expected and actual experience					\$ -	\$ (67,000)
Changes in assumptions					275,000	(82,000)
Net difference between projected and actual earnings on OPEB plan investments					1,000	-
Proportionate share impact					-	(362,000)
Contributions subsequent to the measurement date					<u>945,274</u>	<u>-</u>
Total					<u>\$ 1,221,274</u>	<u>\$ (511,000)</u>

Deferred outflows of resources related to the VRS GLI Program and the VRS Teachers' HIC Program resulting from contributions subsequent to the measurement date will be recognized as a reduction of net OPEB liabilities in the fiscal year ending June 30, 2021.

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS PROGRAM (CONTINUED)

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

<u>Year ended June 30:</u>	<u>Continuation Plan</u>	<u>Credit Plan</u>	<u>VRS GLI Program</u>
<u>Primary Government</u>			
2021	\$ (127,204)	\$ 7,577	\$ 56,501
2022	(112,059)	7,575	56,504
2023	(112,059)	9,020	85,110
2024	(112,056)	5,249	109,118
2025	(112,059)	(848)	98,553
Thereafter	(23,283)	(519)	27,214

<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>					
2021	\$ (446,871)	\$ (567)	\$ 5,806	\$ (20,140)	\$ (59,310)
2022	(416,811)	(567)	5,807	(20,140)	(59,322)
2023	(416,811)	783	11,584	34,472	(54,153)
2024	(416,810)	541	15,372	92,233	(55,883)
2025	(202,127)	-	16,238	120,847	(38,645)
Thereafter	(168,856)	-	4,193	37,728	32,313

NOTE 15 – FUND BALANCES

The following is a summary of fund balances as of June 30, 2020:

Primary government

	General Fund	Capital Projects Fund	Debt Service Fund	Fire and Rescue Fund	Other Governmental Funds	Total Governmental Funds
Fund balances:						
Restricted:						
Public safety	\$ -	\$ -	\$ -	\$ -	142,148	\$ 142,148
Public works	-	-	-	-	679,193	679,193
Parks, recreation, and cultural	-	-	-	-	528,730	528,730
Proffers	-	-	-	-	4,809,569	4,809,569
Grants	199,039	-	-	-	-	199,039
Capital projects	-	4,089,348	-	-	-	4,089,348
Total restricted	199,039	4,089,348	-	-	6,159,640	10,448,027
Committed:						
General government	1,366,655	-	-	-	-	1,366,655
Public safety	-	-	-	2,456,176	558,825	3,015,001
Public works	30,345	-	-	-	1,415,751	1,446,096
Health and welfare	-	-	-	-	43,763	43,763
Community development	147,188	-	-	-	-	147,188
Landfill Fund contribution	3,055,622	-	-	-	-	3,055,622
Budgeted use of fund balance	987,697	-	-	-	-	987,697
Capital projects	-	22,107,227	-	-	-	22,107,227
Total committed	5,587,507	22,107,227	-	2,456,176	2,018,339	32,169,249
Assigned:						
General government administration	2,774,457	-	-	-	-	2,774,457
Judicial administration	14,487	-	-	-	-	14,487
Public safety	128,579	-	-	-	-	128,579
Public works	21,367	-	-	-	-	21,367
Education	2,574,632	-	-	-	-	2,574,632
Parks, recreation, and cultural	62,617	-	-	-	-	62,617
Community development	10,008	-	-	-	-	10,008
Other purposes	709,770	-	86,233	-	-	796,003
Total assigned	6,295,917	-	86,233	-	-	6,382,150
Unassigned:	20,555,314	-	-	-	-	20,555,314
Total	\$ 32,637,777	\$ 26,196,575	\$ 86,233	\$ 2,456,176	\$ 8,177,979	\$ 69,554,740

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	\$ -	\$ -	\$ -	\$ 164,976	\$ 164,976
Assigned:					
Other purposes	511,261	6,171,250	1,324,898	-	8,007,409
Unassigned:	-	-	-	(413,519)	(413,519)
Total	\$ 511,261	\$ 6,171,250	\$ 1,324,898	\$ (248,543)	\$ 7,758,866

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 Delta Dental administers the group dental insurance for employees, their dependents, and retirees.

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

The stop loss coverage was also carved out of the Anthem policy and is administered by Symetra. Symetra insures both medical and prescription claims that are in excess of \$150,000. Symetra reimburses the County or School Board for the amount. The premiums are based on covered employees at the rate of \$116.11 per person.

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

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

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

	2019	2020
Unpaid claims, beginning of fiscal year	\$ 2,840,770	\$ 3,052,377
Incurred claims, (including IBNR)	24,106,063	25,565,077
Claim payments	(23,894,456)	(25,144,441)
Unpaid claims, end of fiscal year	\$ <u>3,052,377</u>	\$ <u>3,473,013</u>

NOTE 17– RELATED ORGANIZATIONS AND JOINTLY GOVERNED ORGANIZATIONS

Northwestern Regional Adult Detention Center

The Clarke-Fauquier-Frederick-Winchester Jail Board was created in 1987 to construct and operate the Clarke- Fauquier-Frederick-Winchester Regional Adult Detention Center, renamed the Northwestern Regional Adult Detention Center (Center) in fiscal year 2006. The Center charges, on an inmate per diem basis, other localities and the Federal Government for their prisoners placed in the jail. The fourteen member board consists of four members from the County of Frederick and Winchester and three each from the Counties of Clarke and Fauquier. In fiscal year 2006, the Northwestern Regional Jail Authority was created for the purpose of issuing revenue bonds for the construction of a new facility. The County and other participants have no equity interest in the jail. The County made operating contributions for 10.10% of the regional jail's operating expenses, including debt service, totaling \$2,310,073 in fiscal year 2020.

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

Fauquier County Water and Sanitation Authority

The Fauquier County Water and Sanitation Authority (Authority) is authorized under the Virginia Water and Waste Authorities Act, Section 15.2-5100 of the *Code of Virginia*. The Authority is governed by a five member board appointed by the Fauquier County Board of Supervisors to serve a four year term; however, the Board 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 2020, Fauquier County contributed a total of \$133,606.

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 2020, Fauquier County contributed a total of \$299,594.

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

Mountain Vista Regional Governor's School

The Mountain Vista Regional Governor's School was established in 2007. Currently seven divisions (Clarke County, Culpeper County, Fauquier County, Frederick County, Rappahannock County, Warren County, and the City of Winchester) jointly own and operate a regional governor's school. The governing board has appointed Fauquier County to serve as fiscal agent of the governor's school. Each of the seven school divisions contribute annually based on the number of students each school board proposes to send to the governor's school. In fiscal year 2020, the Fauquier County School Board contributed a total of \$388,751, with \$803,858 contributed from the other participating counties.

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

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

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
Eric Maybach, Commissioner of the Revenue	3,000
Robert Mosier, Sheriff	30,000
Above constitutional officers' employees – blanket bond	\$ 500,000

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

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

All School employees including Clerk of the School Board	\$ 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

The County continues to assess and address the uncertainty and economic impact of the worldwide COVID-19 pandemic on economic and financial measures. The effects are expected to last into fiscal year 2021 and beyond as there is considerable uncertainty around business and school closings, public health and safety, and shifts in the way business and life, in general, are conducted. While the County cannot fully estimate the long term financial impact at this time, the County has taken steps to address the uncertainty around this pandemic.

For fiscal year 2021, the Board of Supervisors has appropriated the approved budget on a quarterly basis in order to allow greater oversight and flexibility in adjusting spending as revenues are monitored for economic impacts related to the COVID-19 pandemic. In addition, only essential personnel vacancies are being filled and departments are limited to spending on essential items.

On July 9, 2020, the County obtained a revolving line of credit (Loan) with the Fauquier Bank in the amount of \$33,000,000 to ensure cash liquidity for continuation of operations in the event of economic challenges as a result of the COVID-19 pandemic. Interest on the loan is calculated at a rate floating monthly equal to the Prime Rate minus 0.25%, multiplied by the Tax Exempt Discount Multiplier with the interest rate not to fall below 2.37%. During the loan term, proceeds may be drawn down, repaid, and redrawn as deemed necessary by the County. The loan is unsecured and was extended based on the full faith and credit of the County and may be pre-paid at any time without interest or penalty. The County has not used any of the revolving line of credit as of the publication of this report.

In August 2020, the County received a second round of Federal funding from the Coronavirus Relief Fund passed through the Commonwealth of Virginia in the amount of \$6,213,845. These funds will continue to address economic, public health, and safety issues related to the COVID-19 outbreak and resulting pandemic. Of the amount received, \$944,265 is allocated to be passed through to incorporated towns within the County. In addition, the Fauquier County School Board was allocated \$1,914,850 of Federal funding from the Coronavirus Relief Fund passed through the Commonwealth of Virginia Department of Education in October 2020.

On August 19, 2020, the County entered into a seven-year financing lease, in the amount of \$782,232, for the purchase of four (4) 35 passenger buses and four (4) 77 passenger buses on behalf of the Fauquier County School Board. This is property schedule number seven (7) of the 2015 Master Equipment Lease/Purchase Agreement with Banc of America Public Capital Corporation ("BAPCC"). The interest rate on the financing lease is 1.96%.

NOTE 21 – FINANCIAL STATEMENT ADJUSTMENTS

Subsequent to the issuance of the June 30, 2020 Comprehensive Annual Financial Report (CAFR), the following items were identified for adjustment to the CAFR, resulting in reissuance:

- Unspent funds with respect to federal revenue received were reported as unavailable revenue in the Coronavirus Aid, Relief and Economic Security (CARES) Fund on *Exhibit 3- Balance Sheet –Governmental Funds*. Upon further examination and subsequent guidance on the reporting of these funds, the unspent funds at June 30, 2020 are reported as unearned revenue on *Exhibit 3- Balance Sheet –Governmental Funds*. This resulted in a decrease in net position for governmental activities on *Exhibit 1- Statement of Net Position* at June 30, 2020 of \$3,999,055.
- Net position related to the net pension asset of the School Board Non-Professional Retirement Plan administered by the Virginia Retirement System was reported as unrestricted net position *Exhibit 1- Statement of Net Position*. Upon further examination, the net position related to the net pension asset is reclassified as restricted net position. This resulted in an increase in restricted net position of the School Board of \$1,065,692 and a corresponding decrease to the unrestricted net position of the School Board of \$1,065,692 on *Exhibit 1- Statement of Net Position*. Overall net position of the School Board at June 30, 2020 remained at \$32,595,947.

NOTE 21 – FINANCIAL STATEMENT ADJUSTMENTS (CONTINUED)

- The Economic Development Authority of Fauquier County (Economic Development Authority) was reported as a related organization in *Note 17- Related Organizations and Jointly Governed Organizations*. Upon further examination, the Economic Development Authority is presented as a discretely presented component unit. The County had access to the resources of the Economic Development Authority, the ability to impose its will, and a benefit/burden relationship existed between the County and Economic Development Authority. This resulted in updates to *Exhibit 1- Statement of Net Position* and *Exhibit 2- Statement of Activities* to present financial information of the Economic Development Authority and include its ending net position of \$110,856.

Contributions from the County's General Fund and Capital Project Fund have been presented as contributions to the Component Unit- Economic Development Authority on *Exhibit 7 - Statement of Revenues, Expenditures, and Changes in Fund Balances- General Fund* and *Exhibit 19 - Statement of Revenues, Expenditures, and Changes in Fund Balances- Capital Project Fund*, respectively. Statements related to the Economic Development Authority are included in other supplementary information. *Note 1- Summary of Significant Accounting Policies, Section A: The Financial Reporting Entity* discusses the Economic Development Authority as a discretely presented component unit and *Section F: Prior Period Adjustments* includes net position of the Economic Development Authority at June 30, 2019.

- The Fauquier County Broadband Authority, previously not included in the reporting entity has been included as a blended component unit and disclosed as such in *Note 1- Summary of Significant Accounting Policies, Section A: The Financial Reporting Entity*.



REQUIRED SUPPLEMENTARY INFORMATION



COUNTY OF FAUQUIER, VIRGINIA

Exhibit 15

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Schedule of Funding Progress and Employer Contributions
Virginia Retirement System Pension and Other Postemployment Benefits Programs
Fauquier County Other Postemployment Benefits Plans
Fiscal Year Ended June 30, 2020

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, 2020	\$ 3,522,727	\$ 3,522,727	\$ -	\$ 41,514,273	8.49%
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, 2020	\$ 216,120	\$ 216,120	\$ -	\$ 41,561,614	0.52%
June 30, 2019	205,987	205,987	-	39,612,916	0.52%
June 30, 2018	190,027	190,027	-	36,543,557	0.52%
June 30, 2017	178,438	178,438	-	34,315,054	0.52%
June 30, 2016	159,225	159,225	-	33,171,876	0.48%
June 30, 2015	153,056	153,056	-	31,886,605	0.48%
June 30, 2014	146,870	146,870	-	30,597,915	0.48%
June 30, 2013	140,111	140,111	-	29,189,866	0.48%
June 30, 2012	73,627	73,627	-	26,295,302	0.28%
June 30, 2011	73,509	73,509	-	26,253,302	0.28%

School Board:

Non-Professional Retirement Plan

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

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

Additional years will be included as the information becomes available.

Teacher Retirement Plan

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

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

Additional years will be included as the information becomes available.

Schedule of Funding Progress and Employer Contributions

Page 2 of 6

Virginia Retirement System Pension and Other Postemployment Benefits Programs

Fauquier County Other Postemployment Benefits Plans

Fiscal Year Ended June 30, 2020

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, 2020	\$ 42,442	\$ 42,442	\$ -	8,161,958	0.52%
June 30, 2019	41,600	41,600	-	8,000,043	0.52%
June 30, 2018	38,884	38,884	-	7,477,675	0.52%
June 30, 2017	38,836	38,836	-	7,468,390	0.52%
June 30, 2016	34,034	34,034	-	7,090,446	0.48%
June 30, 2015	31,957	31,957	-	6,657,743	0.48%
June 30, 2014	33,725	33,725	-	7,026,010	0.48%
June 30, 2013	33,303	33,303	-	6,938,201	0.48%
June 30, 2012	18,936	18,936	-	6,762,956	0.28%
June 30, 2011	19,665	19,665	-	7,023,054	0.28%

Teachers

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a % of Covered Employee Payroll
June 30, 2020	\$ 410,920	\$ 410,920	\$ -	79,023,163	0.52%
June 30, 2019	393,231	393,231	-	75,621,380	0.52%
June 30, 2018	379,887	379,887	-	73,055,143	0.52%
June 30, 2017	380,267	380,267	-	73,128,237	0.52%
June 30, 2016	346,512	346,512	-	72,190,017	0.48%
June 30, 2015	338,777	338,777	-	70,578,532	0.48%
June 30, 2014	337,143	337,143	-	70,238,198	0.48%
June 30, 2013	334,543	334,543	-	69,696,465	0.48%
June 30, 2012	191,369	191,369	-	68,346,208	0.28%
June 30, 2011	190,856	190,856	-	68,162,908	0.28%

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, 2020	\$ 945,274	\$ 945,274	\$ -	78,772,804	1.20%
June 30, 2019	906,889	906,889	-	75,574,076	1.20%
June 30, 2018	897,633	897,633	-	72,978,293	1.23%
June 30, 2017	809,357	809,357	-	72,915,076	1.11%
June 30, 2016	762,107	762,107	-	71,896,849	1.06%
June 30, 2015	745,602	745,602	-	70,339,798	1.06%
June 30, 2014	778,824	778,824	-	70,164,352	1.11%
June 30, 2013	762,576	762,576	-	68,700,576	1.11%
June 30, 2012	405,352	405,352	-	67,558,656	0.60%
June 30, 2011	408,735	408,735	-	68,122,443	0.60%

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 15

Schedule of Funding Progress and Employer Contributions
Virginia Retirement System Pension and Other Postemployment Benefits Programs
Fauquier County Other Postemployment Benefits Plans
Fiscal Year Ended June 30, 2020

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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, 2020	\$ -	\$ -	\$ -	\$ 48,888,690	0.00%
June 30, 2019	-	-	-	42,074,311	0.00%
June 30, 2018	-	-	-	40,961,221	0.00%
June 30, 2017	96,604	-	96,604	39,576,059	0.00%
June 30, 2016	225,865	78,487	147,378	31,426,727	0.25%
June 30, 2015	277,095	277,095	-	32,415,086	0.85%
June 30, 2014	271,169	271,169	-	31,318,924	0.87%
June 30, 2013	311,735	271,169	40,566	35,305,296	0.77%
June 30, 2012	341,455	341,455	-	34,111,397	1.00%
June 30, 2011	324,950	318,920	6,030	33,953,873	0.94%

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, 2020	\$ 152,361	\$ 152,361	\$ -	\$ 48,888,690	0.31%
June 30, 2019	138,432	138,432	-	42,074,311	0.33%
June 30, 2018	132,797	715,474	(582,677)	40,961,221	1.75%

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

School Board:

Continuation Plan

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
June 30, 2020	\$ -	\$ -	\$ -	\$ 89,642,029	0.00%
June 30, 2019	-	-	-	88,435,009	0.00%
June 30, 2018	-	-	-	81,301,110	0.00%
June 30, 2017	191,742	-	191,742	78,551,797	0.00%
June 30, 2016	448,359	155,804	292,555	62,384,399	0.25%
June 30, 2015	550,053	550,053	-	64,346,366	0.85%
June 30, 2014	538,290	538,290	-	62,170,402	0.87%
June 30, 2013	618,816	538,290	80,526	70,083,647	0.77%
June 30, 2012	677,815	677,815	-	67,713,669	1.00%
June 30, 2011	645,050	633,080	11,970	67,400,971	0.94%

Health Coverage Plan

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

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

Schedule of Funding Progress and Employer Contributions
 Virginia Retirement System Pension and Other Postemployment Benefits Programs
 Fauquier County Other Postemployment Benefits Plans
 Fiscal Year Ended June 30, 2020

Virginia Retirement System:

Political Subdivision Pension Plan

Changes of benefit terms

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

Changes of assumptions

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

Largest 10 - Non-Hazardous Duty:

Updated the mortality rates to a more current mortality table - RP-2014 projected to 2020; Lowered retirement rates at older ages and changed final retirement from 70 to 75;

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

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

Largest 10 - Hazardous Duty:

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

All Others (Non 10 Largest) - Hazardous Duty:

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

Teacher Retirement Pension Plan

Changes of benefit terms

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

Changes of assumptions

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

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

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,

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

Teachers

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

SPORS Employees

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

ValORS Employees

Updated the mortality rates to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience, Increased

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

Largest Ten Locality Employers - General Employees

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

Schedule of Funding Progress and Employer Contributions
Virginia Retirement System Pension and Other Postemployment Benefits Programs
Fauquier County Other Postemployment Benefits Plans
Fiscal Year Ended June 30, 2020

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

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

Largest Ten Locality Employers - Hazardous Duty Employees

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

Non Largest Ten Locality Employers - Hazardous Duty Employees

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

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

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

Changes of assumptions

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

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;

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

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

Changes of assumptions

The following assumptions have been updated:

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

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

-Healthy General participants: SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-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 Virginia Retirement System(VRS) actuarial valuation as of June 30, 2018.

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

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

Credit Plan**Changes of benefit terms**

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

Schedule of Funding Progress and Employer Contributions
Virginia Retirement System Pension and Other Postemployment Benefits Programs
Fauquier County Other Postemployment Benefits Plans
Fiscal Year Ended June 30, 2020

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 Virginia

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, 2019.

Changes of assumptions

The following assumptions are used for the current valuation:

The discount rate assumption has been updated to be based on the yield for the 20-year tax-exempt general obligation municipal bond as of June 30, 2020 (measurement date).

The 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 7.5% decreasing by 0.5% per year to an ultimate rate of 4.5%.

Health Coverage Plan- Schools

Changes of benefit terms

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

Changes of assumptions

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

Schedule of Changes in Net Pension Liability (Asset)
and Related Ratios
Last Six Fiscal Years
Fiscal Year Ended June 30, 2020

Primary Government:

	2014*	2015	2016	2017	2018	2019
Total pension liability						
Service cost	\$ 3,665,747	\$ 3,813,094	\$ 3,885,984	\$ 3,978,825	\$ 4,150,641	\$ 4,430,044
Interest	6,300,846	6,765,656	7,184,529	7,609,870	8,118,250	8,715,293
Changes of assumptions	-	-	-	(662,813)	-	4,327,503
Differences between expected and actual experience	-	(1,032,433)	(1,139,622)	498,300	580,157	77,578
Benefit payments, including refunds of employee contributions	(3,159,348)	(3,493,529)	(3,631,336)	(4,077,843)	(4,245,375)	(4,394,344)
Net change in total pension liability	6,807,245	6,052,788	6,299,555	7,346,339	8,603,673	13,156,074
Total pension liability – beginning	91,591,756	98,399,001	104,451,789	110,751,344	118,097,683	126,701,356
Total pension liability – ending (a)	98,399,001	104,451,789	110,751,344	118,097,683	126,701,356	139,857,430
Plan fiduciary net position						
Contributions – employer	3,555,225	3,177,007	3,284,574	2,752,121	2,911,388	3,382,111
Contributions – employee	1,530,920	1,623,124	1,635,553	1,675,382	1,797,746	1,915,523
Net investment income	12,271,193	4,210,671	1,745,781	12,180,445	8,300,573	8,165,891
Benefit payments, including refunds of employee contributions	(3,159,349)	(3,493,529)	(3,631,336)	(4,077,843)	(4,245,375)	(4,394,344)
Administrative expense	(63,910)	(55,473)	(58,461)	(10,918)	(69,894)	(77,623)
Other	647	(895)	(727)	(68,588)	(7,473)	(5,164)
Net change in plan fiduciary net position	14,134,726	5,460,905	2,975,384	12,450,599	8,686,965	8,986,394
Plan fiduciary net position – beginning	76,694,287	90,829,013	96,289,918	99,265,302	111,715,901	120,402,866
Plan fiduciary net position – ending (b)	\$ 90,829,013	\$ 96,289,918	\$ 99,265,302	\$ 111,715,901	\$ 120,402,866	\$ 129,389,260
Net pension liability – ending (a) - (b)	\$ 7,569,988	\$ 8,161,871	\$ 11,486,042	\$ 6,381,782	\$ 6,298,490	\$ 10,468,170
Plan fiduciary net position as a percentage of the total pension liability	92.31%	92.19%	89.63%	94.60%	95.03%	92.52%
Covered payroll	\$ 30,748,986	\$ 31,789,387	\$ 33,188,587	\$ 34,194,157	\$ 36,454,515	\$ 39,528,477
Net pension liability as a percentage of covered payroll	24.62%	25.67%	34.61%	18.66%	17.28%	26.48%

* 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 Six Fiscal Years
Fiscal Year Ended June 30, 2020

Component Unit - School Board - Non-professional:

	2014*	2015	2016	2017	2018	2019
Total pension liability						
Service cost	\$ 790,454	\$ 779,639	\$ 723,642	\$ 745,093	\$ 727,239	\$ 703,953
Interest	1,314,303	1,397,986	1,485,311	1,568,963	1,628,956	1,722,409
Changes in assumptions	-	-	-	(242,307)	-	725,682
Differences between expected and actual experience	-	76,425	28,543	(111,788)	173,636	121,516
Benefit payments, including refunds of employee contributions	(821,036)	(997,534)	(1,015,580)	(1,069,340)	(1,136,517)	(1,253,057)
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>	<u>2,020,503</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>	<u>25,232,369</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>	<u>27,252,872</u>
Plan fiduciary net position						
Contributions – employer	634,627	422,140	448,949	346,567	340,240	333,665
Contributions – employee	367,367	326,614	345,096	355,536	351,153	373,811
Net investment income	3,029,074	1,016,928	401,377	2,817,301	1,886,650	1,796,186
Benefit payments, including refunds of employee contributions	(821,036)	(997,534)	(1,015,580)	(1,069,340)	(1,136,517)	(1,253,057)
Administrative expense	(16,035)	(13,964)	(14,272)	(16,287)	(16,342)	(17,904)
Other	160	(215)	(170)	(2,508)	(1,681)	(1,130)
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>	<u>1,231,571</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>	<u>27,086,993</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>	<u>\$ 28,318,564</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>	<u>\$ (1,065,692)</u>
Plan fiduciary net position as a percentage of the total pension liability	109.00%	106.17%	101.24%	107.65%	107.35%	103.91%
Covered payroll	<u>\$ 6,610,884</u>	<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	-27.88%	-20.23%	-4.07%	-24.57%	-24.89%	-13.44%

* 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 17
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Schedule of Changes in Net OPEB Liability
and Related Ratios
Last Four Fiscal Years
Fiscal Year Ended June 30, 2020

Primary Government:
Continuation Plan

	2017*	2018	2019	2020
Total OPEB liability				
Service cost	\$ 224,155	\$ 127,610	\$ 120,931	\$ 132,455
Interest	80,071	80,443	88,806	79,615
Changes in assumptions	(477,330)	(68,613)	96,731	213,242
Differences between expected and actual experience	(348,615)	(35,324)	(290,442)	(88,012)
Benefit payments	(85,558)	(42,129)	(57,513)	(50,394)
Net change in total pension liability	(607,277)	61,987	(41,487)	286,906
Total OPEB liability – beginning	<u>2,747,539</u>	<u>2,140,262</u>	<u>2,202,249</u>	<u>2,160,762</u>
Total OPEB liability – ending (a)	<u>2,140,262</u>	<u>2,202,249</u>	<u>2,160,762</u>	<u>2,447,668</u>
Plan fiduciary net position				
Contributions – employer	-	(152,232)	57,513	50,394
Net investment income	125,779	-	-	-
Benefit payments	(1,174,592)	(42,129)	(57,513)	(50,394)
Administrative expenses	(1,655)	-	-	-
Net change in plan fiduciary net position	(1,050,468)	(194,361)	-	-
Plan fiduciary net position – beginning	<u>1,244,829</u>	<u>194,361</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position – ending (b)	<u>\$ 194,361</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net OPEB liability – ending (a) - (b)	\$ 1,945,901	\$ 2,202,249	\$ 2,160,762	\$ 2,447,668
Fiduciary net position as a percentage of the total OPEB liability	9.08%	0.00%	0.00%	0.00%
Covered payroll	\$ 39,576,059	\$ 40,961,221	\$ 42,074,311	\$ 48,888,690
Net OPEB liability as a percentage of covered payroll	4.92%	5.38%	5.14%	5.01%

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

Schedule of Changes in Net OPEB Liability
and Related Ratios
Last Three Fiscal Years
Fiscal Year Ended June 30, 2020

Primary Government:

Credit Plan

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

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

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 17
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Schedule of Changes in Net OPEB Liability
and Related Ratios
Last Four Fiscal Years
Fiscal Year Ended June 30, 2020

School Board:
Continuation Plan

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

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

COUNTY OF FAUQUIER, VIRGINIA

Schedule of Changes in Net OPEB Liability
and Related Ratios
Last Two Fiscal Years
Fiscal Year Ended June 30, 2020

Exhibit 17
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School Board:

Health Coverage Plan

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

	2017	2018	2019	2020
Money-weighted rate of return on OPEB Plan Investments	9.52%	7.51%	4.67%	3.01%

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, 2020

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
2020	0.90164%	\$ 118,661,000	\$ 78,772,804	150.64%	73.51%
2019	0.90285%	106,175,000	75,619,472	140.41%	74.81%
2018	0.92342%	113,561,000	72,884,547	155.81%	72.92%
2017	0.94296%	132,147,499	72,875,794	181.33%	68.28%
2016	0.94607%	117,860,528	72,441,305	162.70%	70.68%
2015	0.95944%	114,805,836	70,248,727	163.43%	70.88%

Net OPEB Liability

Primary Government:

Group Life Insurance Program

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

School Board:

Group Life Insurance Program

Non-Professional

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

Teachers

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

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
2020	0.90101%	\$ 11,796,000	\$ 78,772,804	14.97%	8.97%
2019	0.90237%	11,458,000	75,574,076	15.16%	8.08%
2018	0.92391%	11,721,000	72,978,293	16.06%	7.04%

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

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



COMBINING AND INDIVIDUAL FINANCIAL FUND STATEMENTS



CAPITAL PROJECTS FUND

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

COUNTY OF FAUQUIER, VIRGINIA

Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
Capital Projects Fund
Fiscal Year Ended June 30, 2020

Exhibit 19
Page 1 of 2

	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Revenues				
Revenue from use of money and property	\$ 148,960	\$ 148,960	\$ 116,476	\$ (32,484)
Charges for services	30,000	30,000	23,133	(6,867)
Gifts and donations	206,500	1,431,342	997,381	(433,961)
Recovered costs	-	11,284	11,284	-
Miscellaneous revenue	51,298	1,840,858	1,840,559	(299)
Intergovernmental:				
Commonwealth of Virginia	940,730	1,748,446	358,264	(1,390,182)
Federal Government	4,635,437	4,635,437	386,275	(4,249,162)
Total revenues	6,012,925	9,846,327	3,733,372	(6,112,955)
Expenditures				
Current operating:				
Capital projects:				
Public safety:				
Radio system	3,653,102	3,653,102	1,922,751	1,730,351
Southern Fire station	300,000	300,000	-	300,000
Total public safety	3,953,102	3,953,102	1,922,751	2,030,351
Public works:				
Landfill Expansion	1,444,130	-	-	-
Midland Service District Improvements	6,288,769	6,288,769	271,451	6,017,318
Marshall Water System	2,000,000	2,000,000	-	2,000,000
Marshall Main Street	4,690,685	4,690,685	97,418	4,593,267
Catlett-Calverton Wastewater Treatment System	8,447,126	8,447,126	165,691	8,281,435
Greenville/Kettle Run second entrance	300,000	300,000	-	300,000
Total public works	23,170,710	21,726,580	534,560	21,192,020
Education:				
Construction Elementary School #12	1,000,000	1,000,000	-	1,000,000
Total education	1,000,000	1,000,000	-	1,000,000
Parks, recreation, and cultural:				
Palmer extension	847,975	1,072,975	35,903	1,037,072
Woods of Warrenton	1,067,592	1,077,592	331,250	746,342
M M Pierce Trail	516,397	516,397	503,116	13,281
Safe Routes to School	42,167	177,782	10,257	167,525
Rappahannock Landing	764,175	764,175	79,716	684,459
Timber Fence Trail	-	34,655	-	34,655
Mintbrook Fields	50,000	47,748	47,748	-
Riverside Preserve	13,127	13,127	2,627	10,500
Tin Pot Trail Connector	16,907	16,907	6,166	10,741
Elk Run Church Museum	25,000	25,000	-	25,000
Northern swimming pool	38,361	38,361	15,611	22,750
Northern sports complex	70,496	1,013,286	809,281	204,005
Southern sports complex	10,053	10,053	3,459	6,594
Central library	506,190	506,190	-	506,190
Central sports complex	10,755,359	11,655,359	10,254,570	1,400,789
Total parks, recreation, and cultural	\$ 14,723,799	\$ 16,969,607	\$ 12,099,704	\$ 4,869,903

COUNTY OF FAUQUIER, VIRGINIA

Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
Capital Projects Fund
Fiscal Year Ended June 30, 2020

Exhibit 19
Page 2 of 2

	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Community development				
Vint Hill Public Streets Network	\$ 367,627	\$ 367,627	\$ 4,245	\$ 363,382
Salem Avenue	109,236	1,835,823	96,513	1,739,310
Whiting Road	701,375	701,375	36,635	664,740
County broadband	12,582,367	10,205,442	14,100	10,191,342
Contribution to the Economic Development Authority	-	2,446,925	2,446,925	-
Total community development	13,760,605	15,557,192	2,598,418	12,958,774
Total current operating expenditures	56,608,216	59,206,481	17,155,433	\$ 42,051,048
Expenditures (continued)				
Capital outlay:				
General government administration	1,906,410	1,766,763	270,702	1,496,061
Judicial administration	-	93,000	28,009	64,991
Public safety	1,700,766	5,244,494	601,218	4,643,276
Public works	4,504,526	5,514,842	1,718,901	3,795,941
Health and welfare	1,259,421	1,309,235	1,306,220	3,015
Education	259,592	259,592	-	259,592
Parks, recreation, and cultural	422,466	1,335,807	130,007	1,205,800
Community development	87,200	87,200	16,300	70,900
Total capital outlay	10,140,381	15,610,933	4,071,357	11,539,576
Debt service:				
Debt covenant	58,853	58,853	-	58,853
Total debt service	58,853	58,853	-	58,853
Total expenditures	66,807,450	74,876,267	21,226,790	53,649,477
Excess (deficiency) of revenues over (under) expenditures	(60,794,525)	(65,029,940)	(17,493,418)	47,536,522
Other financing sources (uses)				
Transfers in	7,396,217	19,030,134	14,794,427	(4,235,707)
Transfers (out)	(7,572,767)	(5,280,140)	(5,248,039)	32,101
Issuance of debt	25,594,000	19,286,391	3,973,000	(15,313,391)
Total other financing sources (uses)	25,417,450	33,036,385	13,519,388	(19,516,997)
Net change in fund balances	(35,377,075)	(31,993,555)	(3,974,030)	28,019,525
Fund balances - beginning	30,170,605	30,170,605	30,170,605	-
Fund balances - ending	\$ (5,206,470)	\$ (1,822,950)	\$ 26,196,575	\$ 28,019,525



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, 2020**

	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Revenues				
Miscellaneous revenue	\$ 198,913	\$ 290,905	\$ 290,905	\$ -
Intergovernmental:				
Federal Government	393,975	401,488	401,488	-
Total revenues	592,888	692,393	692,393	-
Expenditures				
Current operating:				
Education	-	669,874	669,874	-
Debt service:				
Principal retirement	9,777,278	9,293,630	9,293,630	-
Interest charges	3,330,732	3,576,074	3,576,074	-
Issuance costs	-	45,450	45,450	-
Fiscal charges	8,300	7,450	7,450	-
Total expenditures	13,116,310	13,592,478	13,592,478	-
Excess (deficiency) of revenues over (under) expenditures	(12,523,422)	(12,900,085)	(12,900,085)	-
Other financing sources (uses)				
Transfers in	12,523,422	12,389,594	12,389,594	-
Transfers (out)	-	(355,140)	(355,140)	-
Issuance of debt	-	9,670,400	9,670,400	-
Payment to bond escrow agent	-	(8,804,767)	(8,804,767)	-
Total other financing sources (uses)	12,523,422	12,900,087	12,900,087	-
Net change in fund balances	-	2	2	-
Fund balances - beginning	86,231	86,231	86,231	-
Fund balances - ending	\$ 86,231	\$ 86,233	\$ 86,233	\$ -

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 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, 2020

Exhibit 21
Page 1 of 4

	Special Revenue Funds		
	Conservation Easement Service District Fund	Ambulance Revenue Fund	Social Services Fund
Assets			
Cash and cash equivalents	\$ 1,412,779	\$ 469,699	\$ -
Cash and cash equivalents - restricted	-	-	44,283
Receivables, net of allowance for uncollectibles:			
Taxes, including penalties	25,721	-	-
Accounts	992	236,759	-
Inventories	-	-	-
Prepaid items	-	-	-
Due from other governmental units	-	-	-
Total assets	1,439,492.0	706,458	44,283
Deferred Outflows of Resources			
Deferred outflows	-	-	-
Total deferred outflows of resources	-	-	-
Total assets and deferred outflows of resources	1,439,492	706,458	44,283
Liabilities			
Accounts payable	-	49,389	520
Accrued liabilities	2,599	1,273	-
Retainage	-	-	-
Due to other funds	-	-	-
Unearned revenue	-	-	-
Escrows	-	-	-
Total liabilities	2,599	50,662	520
Deferred inflows of resources			
Revenue advances	3,445	-	-
Unavailable revenue	17,697	96,971	-
Total deferred inflows of resources	21,142	96,971	-
Total liabilities and deferred inflows of resources	23,741	147,633	520
Fund balances			
Nonspendable	-	-	-
Restricted	-	-	-
Committed	1,415,751	558,825	43,763
Assigned	-	-	-
Unassigned	-	-	-
Total fund balances	1,415,751	558,825	43,763
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,439,492	\$ 706,458	\$ 44,283

Special Revenue Funds				
Parks and Recreation Fund	Library Fund	Marshall Electric Light and Business Improvement District Fund		
\$ -	\$ -	\$ 1,087	Assets	
189,126	339,604	15,245	Cash and cash equivalents	
-	-	-	Cash and cash equivalents - restricted	
-	-	169	Receivables, net of allowance for uncollectibles:	
-	-	121	Taxes, including penalties	
-	-	-	Accounts	
-	-	-	Inventories	
-	-	-	Prepaid items	
-	-	-	Due from other governmental units	
189,126	339,604	16,622	Total assets	
-	-	-	Deferred Outflows of Resources	
-	-	-	Deferred outflows	
-	-	-	Total deferred outflows of resources	
189,126	339,604	16,622	Total assets and deferred outflows of resources	
-	-	910	Liabilities	
-	-	-	Accounts payable	
-	-	-	Accrued liabilities	
-	-	-	Retainage	
-	-	-	Due to other funds	
-	-	-	Unearned revenue	
-	-	-	Escrows	
-	-	910	Total liabilities	
-	-	96	Deferred inflows of resources	
-	-	81	Revenue advances	
-	-	177	Unavailable revenue	
-	-	1,087	Total deferred inflows of resources	
-	-	-	Total liabilities and deferred inflows of resources	
-	-	-	Fund balances	
189,126	339,604	15,535	Nonspendable	
-	-	-	Restricted	
-	-	-	Committed	
-	-	-	Assigned	
-	-	-	Unassigned	
189,126	339,604	15,535	Total fund balances	
\$ 189,126	\$ 339,604	\$ 16,622	Total liabilities, deferred inflows of resources, and fund balances	

COUNTY OF FAUQUIER, VIRGINIA

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020

Exhibit 21
Page 3 of 4

	Special Revenue Funds		
	Proffer Fund	Stormwater Management Fund	Vint Hill Community Enrichment Fund
Assets			
Cash and cash equivalents	\$ -	\$ -	\$ -
Cash and cash equivalents - restricted	5,573,896	224,098	153,929
Receivables, net of allowance for uncollectibles:			
Taxes, including penalties	-	-	-
Accounts	-	4,365	-
Inventories	-	-	-
Prepaid items	-	-	-
Due from other governmental units	-	-	-
Total assets	5,573,896	228,463	153,929
Deferred Outflows of Resources			
Deferred outflows	-	-	-
Total deferred outflows of resources	-	-	-
Total assets and deferred outflows of resources	5,573,896	228,463	153,929
Liabilities			
Accounts payable	-	-	-
Accrued liabilities	-	-	-
Retainage	-	-	-
Due to other funds	-	-	-
Due to other governments	-	-	-
Unearned revenue	-	-	-
Escrows	764,327	-	-
Total liabilities	764,327	-	-
Deferred inflows of resources			
Revenue advances	-	3,757	-
Unavailable revenue	-	-	-
Total deferred inflows of resources	-	3,757	-
Total liabilities and deferred inflows of resources	764,327	3,757	-
Fund balances			
Nonspendable	-	-	-
Restricted	4,809,569	224,706	153,929
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
Total fund balances	4,809,569	224,706	153,929
Total liabilities, deferred inflows of resources, and fund balances	\$ 5,573,896	\$ 228,463	\$ 153,929

Special Revenue Funds					
Vint Hill Transportation Fund	Treasurer's E- Summons Fund	Project Lifesaver Fund	Total Nonmajor Governmental Funds		
\$ -	\$ -	\$ -	\$ 1,883,565	Assets	
285,023	140,844	1,304	6,967,352	Cash and cash equivalents	
-	-	-	25,890	Cash and cash equivalents - restricted	
-	-	-	242,237	Receivables, net of allowance for uncollectibles:	
-	-	-	-	Taxes, including penalties	
-	-	-	-	Accounts	
-	-	-	-	Inventories	
-	-	-	-	Prepaid items	
-	-	-	-	Due from other governmental units	
285,023.0	140,844	1,304	9,119,044.00	Total assets	
-	-	-	-	Deferred Outflows of Resources	
-	-	-	-	Deferred outflows	
-	-	-	-	Total deferred outflows of resources	
285,023	140,844	1,304	9,119,044.00	Total assets and deferred outflows of resources	
-	-	-	50,819	Liabilities	
-	-	-	3,872	Accounts payable	
-	-	-	-	Accrued liabilities	
-	-	-	-	Retainage	
-	-	-	-	Due to other funds	
-	-	-	-	Due to other governments	
-	-	-	-	Unearned revenue	
-	-	-	764,327	Escrows	
-	-	-	819,018	Total liabilities	
-	-	-	7,298	Deferred inflows of resources	
-	-	-	114,749	Revenue advances	
-	-	-	-	Unavailable revenue	
-	-	-	122,047	Total deferred inflows of resources	
-	-	-	941,065	Total liabilities and deferred inflows of resources	
-	-	-	-	Fund balances	
285,023	140,844	1,304	6,159,640	Nonspendable	
-	-	-	2,018,339	Restricted	
-	-	-	-	Committed	
-	-	-	-	Assigned	
-	-	-	-	Unassigned	
285,023	140,844	1,304	8,177,979	Total fund balances	
\$ 285,023	\$ 140,844	\$ 1,304	\$ 9,119,044	Total liabilities, deferred inflows of resources, and fund balances	

	Special Revenue Funds		
	Conservation Easement Service District Fund	Ambulance Revenue Fund	Social Services Fund
Revenues			
General property taxes	\$ 753,706	\$ -	\$ -
Revenue from use of money and property	-	-	811
Charges for services	-	1,571,967	-
Gifts and donations	-	-	-
Recovered costs	-	636	-
Miscellaneous revenue	-	301	11,242
Intergovernmental:			
Commonwealth of Virginia	89,034	-	-
Total revenues	842,740	1,572,904	12,053
Expenditures			
Current operating:			
Public safety	-	463,403	-
Public works	-	-	-
Health and welfare	-	-	16,171
Parks, recreation, and cultural	-	-	-
Community development	159,819	-	-
Total expenditures	159,819	463,403	16,171
Excess (deficiency) of revenues over (under) expenditures	682,921	1,109,501	(4,118)
Other financing sources (uses)			
Transfers in	3,885	61,135	-
Transfers (out)	-	(985,065)	-
Total other financing sources (uses)	3,885	(923,930)	-
Net change in fund balances/(deficits)	686,806	185,571	(4,118)
Fund balances- beginning	728,945	373,254	47,881
Fund balances- ending	\$ 1,415,751	\$ 558,825	\$ 43,763

Special Revenue Funds			
Parks and Recreation Fund	Library Fund	Marshall Electric Light and Business Improvement District Fund	
\$ -	\$ -	\$ 9,238	Revenues
3,579	6,105	-	General property taxes
-	-	-	Revenue from use of money and property
28,949	23,395	-	Charges for services
-	-	-	Gifts and donations
-	-	-	Recovered costs
-	-	-	Miscellaneous revenue
-	-	-	Intergovernmental:
-	-	-	Commonwealth of Virginia
32,528	29,500	9,238	Total revenues
-	-	-	Expenditures
-	-	-	Current operating:
-	-	10,817	Public safety
-	-	-	Public works
41,378	42,516	-	Health and welfare
-	-	-	Parks, recreation, and cultural
-	-	-	Community development
41,378	42,516	10,817	Total expenditures
(8,850)	(13,016)	(1,579)	Excess (deficiency) of revenues over (under) expenditures
52,863	-	-	Other financing sources (uses)
(54,350)	-	-	Transfers in
-	-	-	Transfers (out)
(1,487)	-	-	Total other financing sources (uses)
(10,337)	(13,016)	(1,579)	Net change in fund balances/(deficits)
199,463	352,620	17,114	Fund balances- beginning
\$ 189,126	\$ 339,604	\$ 15,535	Fund balances- ending

Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances – Nonmajor Governmental Funds
Fiscal Year Ended June 30, 2020

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	Special Revenue Funds		
	Proffer Fund	Stormwater Management Fund	Vint Hill Community Enrichment Fund
Revenues			
General property taxes	\$ -	\$ 362,534	\$ -
Fines and forfeitures	-	-	-
Revenue from use of money and property	61,612	-	-
Charges for services	-	-	-
Gifts and donations	429,127	-	-
Recovered costs	-	-	-
Miscellaneous revenue	-	-	-
Intergovernmental:			
Commonwealth of Virginia	-	-	-
Total revenues	490,739	362,534	-
Expenditures			
Current operating:			
Public safety	-	-	-
Public works	-	-	-
Health and welfare	-	-	-
Parks, recreation, and cultural	-	-	-
Community development	-	-	-
Total expenditures	-	-	-
Excess (deficiency) of revenues over (under) expenditures	490,739	362,534	-
Other financing sources (uses)			
Transfers in	-	-	-
Transfers (out)	-	(358,657)	(132,200)
Total other financing sources (uses)	-	(358,657)	(132,200)
Net change in fund balances/(deficits)	490,739	3,877	(132,200)
Fund balances- beginning	4,318,830	220,829	286,129
Fund balances- ending	\$ 4,809,569	\$ 224,706	\$ 153,929

Special Revenue Funds				
Vint Hill Transportation Fund	Treasurer's E- Summons Fund	Project Lifesaver Fund	Total Nonmajor Governmental Funds	
\$ -	\$ -	\$ -	\$ 1,125,478	Revenues
-	28,662	-	28,662	General property taxes
4,977	-	-	77,084	Fines and forfeitures
-	-	-	1,571,967	Revenue from use of money and property
1,541	-	600	483,612	Charges for services
-	-	-	636	Gifts and donations
-	-	-	11,543	Recovered costs
-	-	-	89,034	Miscellaneous revenue
-	-	-		Intergovernmental:
-	-	-		Commonwealth of Virginia
6,518	28,662	600	3,388,016	Total revenues
				Expenditures
-	13,112	-	476,515	Current operating:
-	-	-	10,817	Public safety
-	-	-	16,171	Public works
-	-	-	83,894	Health and welfare
-	-	-	159,819	Parks, recreation, and cultural
-	-	-		Community development
-	13,112	-	747,216	Total expenditures
6,518	15,550	600	2,640,800	Excess (deficiency) of revenues over (under) expenditures
				Other financing sources (uses)
-	-	-	117,883	Transfers in
-	-	-	(1,530,272)	Transfers (out)
-	-	-	(1,412,389)	Total other financing sources (uses)
6,518	15,550	600	1,228,411	Net change in fund balances/(deficits)
278,505	125,294	704	6,949,568	Fund balances- beginning
\$ 285,023	\$ 140,844	\$ 1,304	\$ 8,177,979	Fund balances- ending

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 23

**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, 2020**

	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Revenues				
General property taxes	\$ 756,758	\$ 756,758	\$ 753,706	\$ (3,052)
Intergovernmental:				
Commonwealth of Virginia	115,000	151,177	89,034	(62,143)
Total revenues	871,758	907,935	842,740	(65,195)
Expenditures				
Current operating:				
Community development	871,758	1,640,765	159,819	1,480,946
Total expenditures	871,758	1,640,765	159,819	1,480,946
Excess (deficiency) of revenues over (under) expenditures	-	(732,830)	682,921	1,415,751
Other financing sources (uses)				
Transfers in	-	3,885	3,885	-
Total other financing sources (uses)	-	3,885	3,885	-
Net change in fund balances	-	(728,945)	686,806	1,415,751
Fund balances - beginning	728,945	728,945	728,945	-
Fund balances - ending	\$ 728,945	\$ -	\$ 1,415,751	\$ 1,415,751

Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
Nonmajor Governmental Funds – Ambulance Revenue Fund
Fiscal Year Ended June 30, 2020

	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Revenues				
Charges for services	\$ 1,482,055	\$ 1,422,509	\$ 1,571,967	\$ 149,458
Recovered Costs	-	-	636	636
Miscellaneous revenue	-	-	301	301
Total revenues	1,482,055	1,422,509	1,572,904	150,395
Expenditures				
Current operating:				
Public safety	496,990	498,579	463,403	35,176
Total expenditures	496,990	498,579	463,403	35,176
Excess (deficiency) of revenues over (under) expenditures	985,065	923,930	1,109,501	185,571
Other financing sources (uses)				
Transfers in	-	61,135	61,135	-
Transfers (out)	(985,065)	(985,065)	(985,065)	-
Total other financing sources (uses)	(985,065)	(923,930)	(923,930)	-
Net change in fund balances	-	-	185,571	185,571
Fund balances - beginning	373,254	373,254	373,254	-
Fund balances - ending	\$ 373,254	\$ 373,254	\$ 558,825	\$ 185,571



PROPRIETARY FUNDS

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

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

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

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 25

Combining Statement of Net Position

Page 1 of 2

Internal Service Funds

June 30, 2020

	Internal Service Funds		
	Fleet Maintenance Fund	Health Insurance Fund	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ -	\$ 12,006,470	\$ 12,006,470
Receivables, net of allowance for uncollectibles	28,908	1,306,645	1,335,553
Inventories	199,461	-	199,461
Prepaid items	-	356,052	356,052
Total current assets	228,369	13,669,167	13,897,536
Noncurrent assets:			
Capital assets (depreciable):			
Buildings and improvements	349,000	-	349,000
Machinery and equipment	727,534	37,521	765,055
Accumulated depreciation	(856,943)	(13,400)	(870,343)
Total capital assets	219,591	24,121	243,712
Total noncurrent assets	219,591	24,121	243,712
Total assets	447,960	13,693,288	14,141,248
Deferred outflow of resources			
Items related to measurement of net pension liability	66,889	-	66,889
Pension contributions subsequent to measurement date	66,932	-	66,932
Items related to measurement of net OPEB liability	18,215	-	18,215
OPEB contributions subsequent to measurement date	4,106	-	4,106
Total deferred outflow of resources	156,142	-	156,142
Total assets and deferred outflows of resources	\$ 604,102	\$ 13,693,288	\$ 14,297,390

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 25

Combining Statement of Net Position

Page 2 of 2

Internal Service Funds

June 30, 2020

	Internal Service Funds		
	Fleet Maintenance Fund	Health Insurance Fund	Total
Liabilities			
Current liabilities:			
Accounts payable	\$ 59,875	\$ 189,204	\$ 249,079
Accrued and other liabilities	20,702	-	20,702
Due to other funds	144,523	-	144,523
Current portion of compensated absences	12,152	-	12,152
Current portion of incurred but not reported claims	-	868,253	868,253
Total current liabilities	237,252	1,057,457	1,294,709
Noncurrent liabilities:			
Noncurrent portion of compensated absences	109,370	-	109,370
Noncurrent portion of incurred but not reported claims	-	2,604,760	2,604,760
Net pension liability	198,898	-	198,898
Net OPEB liability	132,581	-	132,581
Total noncurrent liabilities	440,849	2,604,760	3,045,609
Total liabilities	678,101	3,662,217	4,340,318
Deferred inflow of resources			
Items related to measurement of pension liability	23,368	-	23,368
Items related to measurement of OPEB liability	20,568	-	20,568
Total deferred inflow of resources	43,936	-	43,936
Total liabilities and deferred inflows of resources	722,037	3,662,217	4,384,254
Net position			
Investment in capital assets	219,591	24,121	243,712
Unrestricted (deficit)	(337,526)	10,006,950	9,669,424
Total net position	(117,935)	10,031,071	9,913,136
Total liabilities, deferred inflows of resources, and net position	\$ 604,102	\$ 13,693,288	\$ 14,297,390

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 26

Combining Statement of Revenues, Expenses, and Changes in Net Position

Internal Service Funds

Fiscal Year Ended June 30, 2020

	Internal Service Funds		
	Fleet Maintenance Fund	Health Insurance Fund	Total
Operating revenues			
Charges for services	\$ 3,018,986	\$ 34,582,525	\$ 37,601,511
Miscellaneous revenue	1,408	-	1,408
Total operating revenues	3,020,394	34,582,525	37,602,919
Operating expenses			
Personal services	806,428	-	806,428
Fringe benefits	294,943	-	294,943
Claims and benefits paid	-	27,547,690	27,547,690
Premiums	-	2,753,437	2,753,437
Contractual services	168,860	2,409,114	2,577,974
Other operating expenses	1,821,207	40,790	1,861,997
Depreciation	23,715	5,360	29,075
Pension and OPEB expense	75,655	-	75,655
Total operating expenses	3,190,808	32,756,391	35,947,199
Operating income (loss)	(170,414)	1,826,134	1,655,720
Nonoperating revenues (expenses)			
Interest income	-	262,323	262,323
Total nonoperating revenues	-	262,323	262,323
Income (loss)	(170,414)	2,088,457	1,918,043
Transfers			
Transfers in	41,981	36,000	77,981
Transfers (out)	-	(5,387,435)	(5,387,435)
Total transfers	41,981	(5,351,435)	(5,309,454)
Change in net position	(128,433)	(3,262,978)	(3,391,411)
Net position - beginning	10,498	13,294,049	13,304,547
Net position - ending	\$ (117,935)	\$ 10,031,071	\$ 9,913,136

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 27

Combining Statement of Cash Flows
Internal Service Funds
Fiscal Year Ended June 30, 2020

	Internal Service Funds		
	Fleet	Health	Total
	Maintenance Fund	Insurance Fund	
Cash Flow from Operating Activities			
Receipts from customers and users	\$ 197,969	\$ 33,754,067	\$ 33,952,036
Receipts from interfund services provided	2,806,747	-	2,806,747
Payment to suppliers and other operating activities	(2,015,365)	(33,492,950)	(35,508,315)
Payment to employees (including fringes)	(1,162,931)	-	(1,162,931)
Net cash provided by (used for) operating activities	(173,580)	261,117	87,537
Cash Flow from Noncapital Financing Activities			
Transfers in	41,981	36,000	77,981
Transfers (out)	-	(5,387,435)	(5,387,435)
Proceeds from interfund obligation	144,523	-	144,523
Repayment of interfund obligation	-	(339,629)	(339,629)
Net cash provided by noncapital financing activities	186,504	(5,691,064)	(5,504,560)
Cash Flow from Capital and Related Financing Activities			
Acquisition and construction of capital assets	(39,377)	-	(39,377)
Net cash provided by (used in) capital and related financing activities	(39,377)	-	(39,377)
Cash Flow from Investing Activities			
Interest income	-	262,323	262,323
Net cash provided by investing activities	-	262,323	262,323
Net increase (decrease) in cash and cash equivalents	(26,453)	(5,167,624)	(5,194,077)
Cash and cash equivalents - beginning of the year	26,453	17,174,094	17,200,547
Cash and cash equivalents - end of the year	-	12,006,470	12,006,470
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities			
Cash flows from operations:			
Operating income (loss)	(170,414)	1,826,134	1,655,720
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	23,715	5,360	29,075
Changes in operating assets and liabilities:			
(Increase) decrease in receivables	(15,678)	(828,458)	(844,136)
(Increase) decrease in inventory	5,240	-	5,240
(Increase) decrease in prepaid items	-	(356,052)	(356,052)
(Increase) decrease in deferred outflows of resources	(62,350)	-	(62,350)
Increase (decrease) in accounts payable	(30,538)	(806,503)	(837,041)
Increase (decrease) in accrued liabilities	9,478	-	9,478
Increase (decrease) in incurred but not reported claims	-	420,636	420,636
Increase (decrease) in net pension liability	74,816	-	74,816
Increase (decrease) in net OPEB liability	4,354	-	4,354
Increase (decrease) in deferred inflows of resources	(12,203)	-	(12,203)
Net cash provided by (used for) operating activities	\$ (173,580)	\$ 261,117	\$ 87,537

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, 2020

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	\$ 33,815	\$ 615,445	\$ 120,698	\$ 440,472
Cash in custody of others	-	-	-	-
Receivables, net of allowance for uncollectibles:				
Accounts	-	-	-	-
Total assets	<u>33,815</u>	<u>615,445</u>	<u>120,698</u>	<u>440,472</u>
Liabilities				
Accrued liabilities	-	-	-	4,369
Amounts held for others	<u>33,815</u>	<u>615,445</u>	<u>120,698</u>	<u>436,103</u>
Total liabilities	<u>\$ 33,815</u>	<u>\$ 615,445</u>	<u>\$ 120,698</u>	<u>\$ 440,472</u>

Agency Funds					
Special Welfare Fund	Detention Center Fund	Service to Outside Agencies Fund	Commonwealth Opportunity Fund	Total	
\$ 20,569	\$ -	\$ 8,046	\$ 2,250,000	\$ 3,489,045	Assets
-	135,948	-	-	135,948	Cash and cash equivalents
-	-	39,154	-	39,154	Cash in custody of others
					Receivables, net of allowance for uncollectibles:
					Accounts
<u>20,569</u>	<u>135,948</u>	<u>47,200</u>	<u>2,250,000</u>	<u>3,664,147</u>	Total assets
-	-	7,200	-	11,569	Liabilities
20,569	135,948	40,000	2,250,000	3,652,578	Accrued liabilities
					Amounts held for others
<u>\$ 20,569</u>	<u>\$ 135,948</u>	<u>\$ 47,200</u>	<u>\$ 2,250,000</u>	<u>\$ 3,664,147</u>	Total liabilities

COUNTY OF FAUQUIER, VIRGINIA

Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
Fiscal Year Ended June 30, 2020

Exhibit 29
Page 1 of 2

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
Working Together Fund				
Assets:				
Cash and cash equivalents	\$ 26,992	\$ 52,313	\$ 45,490	\$ 33,815
Accounts receivable	35	-	35	-
Total assets	<u>27,027</u>	<u>52,313</u>	<u>45,525</u>	<u>33,815</u>
Liabilities:				
Amounts held for clients/others	<u>\$ 27,027</u>	<u>\$ 52,313</u>	<u>\$ 45,525</u>	<u>\$ 33,815</u>
Fire and Rescue USDA Debt Service Fund				
Assets:				
Cash and cash equivalents	<u>\$ 528,902</u>	<u>\$ 576,640</u>	<u>\$ 490,097</u>	<u>\$ 615,445</u>
Liabilities:				
Amounts held for clients/others	<u>\$ 528,902</u>	<u>\$ 576,640</u>	<u>\$ 490,097</u>	<u>\$ 615,445</u>
Volunteer Fire and Rescue Association Fund				
Assets:				
Cash and cash equivalents	<u>\$ 106,886</u>	<u>\$ 15,155</u>	<u>\$ 1,343</u>	<u>\$ 120,698</u>
Liabilities:				
Amounts held for clients/others	<u>\$ 106,886</u>	<u>\$ 15,155</u>	<u>\$ 1,343</u>	<u>\$ 120,698</u>
Volunteer Fire and Rescue Operations Fund				
Assets:				
Cash and cash equivalents	<u>\$ 369,894</u>	<u>\$ 131,077</u>	<u>\$ 60,499</u>	<u>\$ 440,472</u>
Liabilities:				
Accrued liabilities	2,643	4,369	2,643	4,369
Amounts held for clients/others	<u>367,251</u>	<u>126,708</u>	<u>57,856</u>	<u>436,103</u>
Total liabilities	<u>\$ 369,894</u>	<u>\$ 131,077</u>	<u>\$ 60,499</u>	<u>\$ 440,472</u>
Special Welfare Fund				
Assets:				
Cash and cash equivalents	<u>\$ 3,399</u>	<u>\$ 18,160</u>	<u>\$ 990</u>	<u>\$ 20,569</u>
Liabilities:				
Amounts held for clients/others	<u>\$ 3,399</u>	<u>\$ 18,160</u>	<u>\$ 990</u>	<u>\$ 20,569</u>
Detention Center Fund				
Assets:				
Cash in custody of others:				
Cash - canteen account	\$ 113,098	\$ 25,696	\$ 7,143	\$ 131,651
Cash - inmate accounts	5,099	142,423	144,397	3,125
Cash - work release	<u>1,786</u>	<u>32,175</u>	<u>32,789</u>	<u>1,172</u>
Total assets	<u>119,983</u>	<u>200,294</u>	<u>184,329</u>	<u>135,948</u>
Liabilities:				
Amounts held for clients/others	<u>\$ 119,983</u>	<u>\$ 200,294</u>	<u>\$ 184,329</u>	<u>\$ 135,948</u>

Combining Statement of Changes in Fiduciary Assets and Liabilities

Page 2 of 2

Agency Funds

Fiscal Year Ended June 30, 2020

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
Service to Outside Agencies Fund				
Assets:				
Cash and cash equivalents	\$ 100,505	\$ 409,955	\$ 502,414	\$ 8,046
Accounts receivable	2,765	39,154	2,765	39,154
Total assets	<u>103,270</u>	<u>449,109</u>	<u>505,179</u>	<u>47,200</u>
Liabilities:				
Accrued liabilities	5,938	7,200	5,938	7,200
Amounts held for clients/others	97,332	441,909	499,241	40,000
Total liabilities	<u>\$ 103,270</u>	<u>\$ 449,109</u>	<u>\$ 505,179</u>	<u>\$ 47,200</u>
Commonwealth Opportunity Fund				
Assets:				
Cash and cash equivalents	\$ 2,250,000	\$ -	\$ -	\$ 2,250,000
Liabilities:				
Amounts held for clients/others	\$ 2,250,000	\$ -	\$ -	\$ 2,250,000
Total - All Agency Funds				
Assets:				
Cash and cash equivalents	\$ 3,386,578	\$ 1,203,300	\$ 1,100,833	\$ 3,489,045
Cash in custody of others	119,983	200,294	184,329	135,948
Accounts receivable	2,800	39,154	2,800	39,154
Total assets	<u>3,509,361</u>	<u>1,442,748</u>	<u>1,287,962</u>	<u>3,664,147</u>
Liabilities:				
Accrued liabilities	8,581	11,569	8,581	11,569
Amounts held for clients/others	3,500,780	1,431,179	1,279,381	3,652,578
Total liabilities	<u>\$ 3,509,361</u>	<u>\$ 1,442,748</u>	<u>\$ 1,287,962</u>	<u>\$ 3,664,147</u>



COMPONENT UNIT – ECONOMIC DEVELOPMENT AUTHORITY

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

The Board approves the issuance of industrial development bonds solely to qualify such bonds for tax-exemption. These bonds do not constitute indebtedness of the County and are secured solely as revenues received from the borrowers.



COUNTY OF FAUQUIER, VIRGINIA**Exhibit 30****Statement of Net Position****Discretely Presented Component Unit - Economic Development Authority****June 30, 2020**

Assets

Current assets:

Cash and cash equivalents \$ 86,778

Receivables, net of allowance for uncollectibles:

Accounts 24,078

Due from primary government 193,000Total current assets 303,856Total assets 303,856**Liabilities**

Current liabilities:

Accounts payable 193,000Total current liabilities 193,000Total liabilities 193,000**Net Position**Unrestricted (deficit) 110,856Total net position 110,856Total liabilities and net position \$ 303,856

COUNTY OF FAUQUIER, VIRGINIA**Exhibit 31****Statement of Revenues, Expenses, and Changes in Net Position
Discretely Presented Component Unit - Economic Development Authority
Fiscal Year Ended June 30, 2020**

Operating revenues

Charges for services	\$ 12,196
Gifts and donations	10,000
Contribution from primary government	<u>2,471,925</u>
Total operating revenues	<u>2,494,121</u>

Operating expenses

Personal services	1,571
Other operating expenses	<u>2,549,630</u>
Total operating expenses	<u>2,551,201</u>
Operating income (loss)	<u>(57,080)</u>

Nonoperating revenues (expenses)

Interest income (expense)	<u>129</u>
Total nonoperating revenues (expenses)	<u>129</u>
Income (loss) before capital contributions, grants, and transfers	<u>(56,951)</u>
Change in net position	(56,951)

Net position - beginning	167,807
Net position - ending	<u><u>\$ 110,856</u></u>

COUNTY OF FAUQUIER, VIRGINIA**Exhibit 32****Statement of Cash Flows****Discretely Presented Component Unit - Economic Development Authority****Fiscal Year Ended June 30, 2020**

Cash Flow from Operating Activities

Payments to suppliers and other operating activities	\$ (2,446,925)
Payments to grantees	(102,705)
Payments to board members	(1,571)
Contribution from primary government	2,471,925
Operating grants/donations received	<u>10,000</u>
Net cash provided by (used for) operating activities	<u>(69,276)</u>

Cash Flow from Investing Activities

Interest income	<u>129</u>
Net cash provided by investing activities	<u>129</u>
Net increase (decrease) in cash and cash equivalents	(69,147)
Cash and cash equivalents - beginning of the year	<u>155,925</u>
Cash and cash equivalents - end of the year	<u><u>86,778</u></u>

**Reconciliation of Operating Income (Loss) to Net Cash
Provided by (Used for) Operating Activities**

Cash flows from operations:	
Operating income (loss)	(57,080)
Changes in operating assets and liabilities:	
(Increase) decrease in receivables	(12,196)
(Increase) decrease in due from primary government	(193,000)
Increase (decrease) in accounts payable	<u>193,000</u>
Net cash provided by (used for) operating activities	<u><u>\$ (69,276)</u></u>



COMPONENT UNIT – SCHOOL BOARD

The School Board is responsible for the elementary and secondary education in the County. The County provides significant funding for school operating and capital needs through the School Board Governmental Funds.

The *School General Fund* is used to account for and report financial resources to operate, maintain, and support the School Board programs. Its primary sources of revenues are state and federal aid and contributions from the County's General Fund.

The *School Asset Replacement Fund* is used to account for and report financial resources for major maintenance and systems replacement, renovations and major asset replacements for the schools.

The *School Textbook Fund* is used to account for and report financial resources for the purchase of student textbooks supported by state revenue and transfers from the School General Fund.

The *School Nutrition Fund* is used to account for and report financial resources for the provision of student and adult breakfasts, snacks, and lunches. Primary sources of revenues are state and federal aid and receipts from food sales.

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.

Combining Balance Sheet
Discretely Presented Component Unit – School Board
June 30, 2020

	Governmental Funds				
	School General Fund	School Asset Replacement Fund	School Textbook Fund	School Nutrition Fund	Total Governmental Funds
Assets					
Cash and cash equivalents (1)	\$ 9,361,924	\$ 5,396,259	\$ 1,324,898	\$ -	\$ 16,083,081
Cash and cash equivalents - restricted (1)	1,839,827	1,728,570	-	-	3,568,397
Accounts receivable	4,031	926	-	-	4,957
Inventories	-	-	-	164,977	164,977
Due from other governmental units	3,212,385	-	-	96,503	3,308,888
Total assets and deferred outflows of resources	14,418,167	7,125,755	1,324,898	261,480	23,130,300
Liabilities					
Accounts payable	474,324	461,667	-	33,367	969,358
Accrued liabilities	12,843,747	-	-	281,319	13,125,066
Retainage payable	-	492,838	-	-	492,838
Unearned revenue	588,835	-	-	195,337	784,172
Total liabilities and deferred inflows of resources	13,906,906	954,505	-	510,023	15,371,434
Fund balances/(deficits)					
Nonspendable	-	-	-	164,976	164,976
Assigned	511,261	6,171,250	1,324,898	-	8,007,409
Unassigned	-	-	-	(413,519)	(413,519)
Total fund balances/(deficits)	511,261	6,171,250	1,324,898	(248,543)	7,758,866
Total liabilities, deferred inflows of resources, and fund balances	\$ 14,418,167	\$ 7,125,755	\$ 1,324,898	\$ 261,480	\$ 23,130,300

(1) Cash and cash equivalents on deposit with County of Fauquier, Virginia.

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 34

Reconciliation of the Balance Sheet of the Governmental Funds
to the Statement of Net Position
Discretely Presented Component Unit – School Board
June 30, 2020

Total fund balances - discretely presented component unit - School Board	\$	7,758,866
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	169,414,986	
Net pension asset	1,065,692	
Items related to measurement of the net pension liability	12,326,115	
Items related to measurement of the net OPEB liability	1,367,641	
Contributions to pension plans	12,285,429	
Contributions to OPEB plans	<u>1,441,078</u>	197,900,941
Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due.		
		(33,859)
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	(4,223,182)	
Capital leases	(10,672,434)	
Net pension liability	(118,661,000)	
Net OPEB liability	(22,261,647)	
Deferred inflows of resources related to pensions	(13,845,001)	
Deferred inflows of resources related to OPEB	<u>(3,366,737)</u>	<u>(173,030,001)</u>
Net position of governmental activities	\$	<u>32,595,947</u>

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 35

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Discretely Presented Component Unit – School Board
Fiscal Year Ended June 30, 2020

	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	\$ -	\$ 70,140	\$ -	\$ 4,553	\$ 74,693
Charges for services	365,823	-	-	2,004,664	2,370,487
Gifts and donations	16,976	26,838	-	-	43,814
Recovered costs	9,528	76,165	-	-	85,693
Miscellaneous revenue	986,623	6,550	1,019	158,373	1,152,565
Intergovernmental:					
Contribution from primary government	91,618,275	669,874	-	-	92,288,149
Commonwealth of Virginia	48,314,098	11,246	427,209	82,735	48,835,288
Federal Government	4,252,148	-	-	2,138,062	6,390,210
Total revenues	145,563,471	860,813	428,228	4,388,387	151,240,899
Expenditures					
Current operating:					
Education	141,326,021	7,138,285	-	5,569,768	154,034,074
Total expenditures	141,326,021	7,138,285	-	5,569,768	154,034,074
Excess (deficiency) of revenues over (under) expenditures	4,237,450	(6,277,472)	428,228	(1,181,381)	(2,793,175)
Other financing sources (uses)					
Transfers in	68,690	2,918,644	674,226	632,241	4,293,801
Transfers (out)	(4,225,111)	(68,690)	-	-	(4,293,801)
Total other financing sources (uses)	(4,156,421)	2,849,954	674,226	632,241	-
Net change in fund balances/(deficits)	81,029	(3,427,518)	1,102,454	(549,140)	(2,793,175)
Fund balances - beginning	430,232	9,598,768	222,444	300,597	10,552,041
Fund balances/(deficits) - ending	\$ 511,261	\$ 6,171,250	\$ 1,324,898	\$ (248,543)	\$ 7,758,866

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, 2020

Net change in fund balances - discretely presented component unit - School Board \$ (2,793,175)

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	6,598,049	
Depreciation	(7,817,558)	(1,219,509)

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	(4,223,182)	
Add prior year's compensated absences	4,174,982	
Less current year's accrued interest payable	(33,859)	
Add prior year's accrued interest payable	126,074	
Add current year's net pension asset	1,065,692	
Less prior year's net pension asset	(1,854,624)	
Add current year's deferred outflow related to pensions	12,326,115	
Less prior year's deferred outflow related to pensions	(1,380,154)	
Less current year's net pension liability	(118,661,000)	
Add prior year's net pension liability	106,175,000	
Less current year's deferred inflow related to pensions	(13,845,001)	
Add prior year's deferred inflow related to pensions	16,460,432	
Less current year's net OPEB liability	(22,261,647)	
Add prior year's net OPEB liability	21,175,905	
Add current year's deferred outflow related to OPEB	1,367,641	
Less prior year's deferred outflow related to OPEB	(327,928)	
Less current year's deferred inflow related to OPEB	(3,366,737)	
Add prior year's deferred inflow related to OPEB	3,956,082	873,791

Governmental funds report current year contributions to pension and OPEB plans as expenditures. However, In the Statement of Activities, current year contributions are reported as deferred outflow of resources.

Add current year pension contributions	12,285,429	
Less prior year pension contributions	(11,889,746)	
Add current year OPEB contributions	1,441,078	
Less prior year OPEB contributions	(1,341,720)	495,041

Change in net position of governmental activities \$ (2,643,852)

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 37

Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
Discretely Presented Component Unit – School Board
Fiscal Year Ended June 30, 2020

Page 1 of 4

	School General Fund			
	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Revenues				
Charges for services	\$ 530,650	\$ 530,650	\$ 365,823	\$ (164,827)
Gifts and donations	6,000	44,648	16,976	(27,672)
Recovered costs	500	500	9,528	9,028
Miscellaneous revenue	1,813,729	2,344,415	986,623	(1,357,792)
Intergovernmental:				
Contribution from primary government	93,145,478	94,772,880	91,618,275	(3,154,605)
Commonwealth of Virginia	48,316,946	49,165,569	48,314,098	(851,471)
Federal Government	4,301,474	4,763,248	4,252,148	(511,100)
Total revenues	148,114,777	151,621,910	145,563,471	(6,058,439)
Expenditures				
Current operating:				
Education:				
Instruction	112,327,755	113,177,232	109,270,267	3,906,965
Administration, attendance, and health	7,053,835	7,698,004	7,283,963	414,041
Public transportation services	9,765,685	9,765,685	9,479,027	286,658
Operation and maintenance services	10,931,431	11,269,271	10,856,341	412,930
School food services	-	25,000	9,525	15,475
Technology	4,801,019	5,532,139	4,426,898	1,105,241
Total education	144,879,725	147,467,331	141,326,021	6,141,310
Total expenditures	144,879,725	147,467,331	141,326,021	6,141,310
Excess (deficiency) of revenues over (under) expenditures	3,235,052	4,154,579	4,237,450	82,871
Other financing sources (uses)				
Transfers in	-	68,690	68,690	-
Transfers (out)	(3,235,052)	(4,225,111)	(4,225,111)	-
Total other financing sources (uses)	(3,235,052)	(4,156,421)	(4,156,421)	-
Net change in fund balance/(deficit)	-	(1,842)	81,029	82,871
Fund balances - beginning	430,232	430,232	430,232	-
Fund balances - ending	\$ 430,232	\$ 428,390	\$ 511,261	\$ 82,871

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 37

Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
Discretely Presented Component Unit – School Board
Fiscal Year Ended June 30, 2020

Page 2 of 4

School Asset Replacement Fund

	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Revenues				
Revenue from use of money and property	\$ -	\$ -	\$ 70,140	\$ 70,140
Gifts and donations	-	26,838	26,838	-
Recovered costs	60,000	60,000	76,165	16,165
Miscellaneous revenue	495,500	468,662	6,550	(462,112)
Intergovernmental:				
Contribution from primary government	800,000	604,474	669,874	65,400
Commonwealth of Virginia	-	-	11,246	11,246
Total revenues	1,355,500	1,159,974	860,813	(299,161)
Expenditures				
Current operating:				
Education:				
Instruction	47,855	259,428	47,068	212,360
Public transportation services	1,040,000	1,073,111	999,573	73,538
Operation and maintenance services	1,375,714	4,731,189	1,072,107	3,659,082
School food services	150,000	150,000	-	150,000
Technology	50,000	214,462	37,602	176,860
District-wide	1,045,966	7,180,506	4,981,935	2,198,571
Total education	3,709,535	13,608,696	7,138,285	6,470,411
Total expenditures	3,709,535	13,608,696	7,138,285	6,470,411
Excess (deficiency) of revenues over (under) expenditures	(2,354,035)	(12,448,722)	(6,277,472)	6,171,250
Other financing sources (uses)				
Transfers in	2,354,035	2,918,644	2,918,644	-
Transfers (out)	-	(68,690)	(68,690)	-
Total other financing sources (uses)	2,354,035	2,849,954	2,849,954	-
Net change in fund balance/(deficit)	-	(9,598,768)	(3,427,518)	6,171,250
Fund balances - beginning	9,598,768	9,598,768	9,598,768	-
Fund balances - ending	\$ 9,598,768	\$ -	\$ 6,171,250	\$ 6,171,250

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 37

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Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
Discretely Presented Component Unit – School Board
Fiscal Year Ended June 30, 2020

	School Textbook Fund			
	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Revenues				
Miscellaneous revenue	\$ -	\$ -	\$ 1,019	\$ 1,019
Intergovernmental:				
Commonwealth of Virginia	428,531	428,531	427,209	(1,322)
Total revenues	428,531	428,531	428,228	(303)
Expenditures				
Current operating:				
Education:				
Instruction	1,102,757	1,325,201	-	1,325,201
Total education	1,102,757	1,325,201	-	1,325,201
Total expenditures	1,102,757	1,325,201	-	1,325,201
Excess (deficiency) of revenues over (under) expenditures	(674,226)	(896,670)	428,228	1,324,898
Other financing sources (uses)				
Transfers in	674,226	674,226	674,226	-
Total other financing sources (uses)	674,226	674,226	674,226	-
Net change in fund balance/(deficit)	-	(222,444)	1,102,454	1,324,898
Fund balances - beginning	222,444	222,444	222,444	-
Fund balances - ending	\$ 222,444	\$ -	\$ 1,324,898	\$ 1,324,898

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 37

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Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
Discretely Presented Component Unit – School Board
Fiscal Year Ended June 30, 2020

	School Nutrition Fund			
	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Revenues				
Revenue from use of money and property	\$ 3,000	\$ 3,000	\$ 4,553	\$ 1,553
Charges for services	2,924,227	2,675,397	2,004,664	(670,733)
Miscellaneous revenue	258,934	258,934	158,373	(100,561)
Intergovernmental:				
Commonwealth of Virginia	93,594	93,594	82,735	(10,859)
Federal Government	2,299,800	2,299,800	2,138,062	(161,738)
Total revenues	<u>5,579,555</u>	<u>5,330,725</u>	<u>4,388,387</u>	<u>(942,338)</u>
Expenditures				
Current operating:				
Education:				
School food services	<u>5,786,346</u>	<u>5,962,966</u>	<u>5,569,768</u>	<u>393,198</u>
Total education	<u>5,786,346</u>	<u>5,962,966</u>	<u>5,569,768</u>	<u>393,198</u>
Total expenditures	<u>5,786,346</u>	<u>5,962,966</u>	<u>5,569,768</u>	<u>393,198</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(206,791)</u>	<u>(632,241)</u>	<u>(1,181,381)</u>	<u>(549,140)</u>
Other financing sources (uses)				
Transfers in	<u>206,791</u>	<u>632,241</u>	<u>632,241</u>	<u>-</u>
Total other financing sources (uses)	<u>206,791</u>	<u>632,241</u>	<u>632,241</u>	<u>-</u>
Net change in fund balance/(deficit)	-	-	(549,140)	(549,140)
Fund balances- beginning	<u>300,597</u>	<u>300,597</u>	<u>300,597</u>	<u>-</u>
Fund balances/(deficits) - ending	<u>\$ 300,597</u>	<u>\$ 300,597</u>	<u>\$ (248,543)</u>	<u>\$ (549,140)</u>

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 38

**Statement of Fiduciary Net Position
Discretely Presented Component Unit – School Board
June 30, 2020**

	<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	\$ 425,621	\$ 501,167
Cash in custody of others	-	1,615,149
Due from other governmental units	-	3,986
Land	420,000	-
	<u>845,621</u>	<u>2,120,302</u>
Total assets and deferred outflows of resources	<u>845,621</u>	<u>2,120,302</u>
Liabilities		
Accounts payable	-	3,144
Accrued liabilities	-	118,762
Amounts held for clients/others	-	1,998,396
	<u>-</u>	<u>1,998,396</u>
Total liabilities and deferred inflows of resources	<u>-</u>	<u>\$ 2,120,302</u>
Net position		
Held in trust for scholarships	<u>845,621</u>	
Total net position	<u>845,621</u>	
Total liabilities, deferred inflows of resources, and net position	<u>\$ 845,621</u>	

COUNTY OF FAUQUIER, VIRGINIA**Exhibit 39****Statement of Changes in Fiduciary Net Position
Discretely Presented Component Unit – School Board
Fiscal Year Ended June 30, 2020**

	Crockett Scholarship Private-Purpose Trust Fund
Additions	
Investment income	\$ 7,140
Total additions	7,140
Deductions	
Scholarships awarded	13,500
Administrative fees	2,545
Total deductions	16,045
Change in net position	(8,905)
Net position - beginning	854,526
Net position - ending	\$ 845,621

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 40

**Combining Statement of Fiduciary Assets and Liabilities
Discretely Presented Component Unit – School Board
Agency Funds
June 30, 2020**

	Agency Funds		
	Mountain Vista Regional Governor's School Fund	School Activity Fund	Total
Assets			
Cash and cash equivalents	\$ 501,167	\$ -	\$ 501,167
Cash in custody of others	-	1,615,149	1,615,149
Due from other governmental units	3,986	-	3,986
Total assets	<u>505,153</u>	<u>1,615,149</u>	<u>2,120,302</u>
Liabilities			
Accounts payable	3,144	-	3,144
Accrued liabilities	118,762	-	118,762
Amounts held for clients/others	383,247	1,615,149	1,998,396
Total liabilities	<u>\$ 505,153</u>	<u>\$ 1,615,149</u>	<u>\$ 2,120,302</u>

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 41

**Combining Statement of Changes in Fiduciary Assets and Liabilities
Discretely Presented Component Unit – School Board
Agency Funds
Fiscal Year Ended June 30, 2020**

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Mountain Vista Regional Governor's School Fund				
Assets:				
Cash and cash equivalents	\$ 373,413	\$ 1,693,016	\$ 1,565,262	\$ 501,167
Due from other governmental units	23,325	3,986	23,325	3,986
Total assets	<u>396,738</u>	<u>1,697,002</u>	<u>1,588,587</u>	<u>505,153</u>
Liabilities:				
Accounts payable	4,506	3,144	4,506	3,144
Accrued liabilities	134,388	118,762	134,388	118,762
Amounts held for clients/others	257,844	1,575,096	1,449,693	383,247
Total liabilities	<u>\$ 396,738</u>	<u>\$ 1,697,002</u>	<u>\$ 1,588,587</u>	<u>\$ 505,153</u>
School Activity Fund				
Assets:				
Cash in custody of others	\$ 1,542,845	\$ 3,195,322	\$ 3,123,018	\$ 1,615,149
Liabilities:				
Amounts held for clients/others	\$ 1,542,845	\$ 3,195,322	\$ 3,123,018	\$ 1,615,149
Total - All Agency Funds				
Assets:				
Cash and cash equivalents	\$ 373,413	\$ 1,693,016	\$ 1,565,262	\$ 501,167
Cash in custody of others	1,542,845	3,195,322	3,123,018	1,615,149
Due from other governmental units	23,325	3,986	23,325	3,986
Total assets	<u>1,939,583</u>	<u>4,892,324</u>	<u>4,711,605</u>	<u>2,120,302</u>
Liabilities:				
Accounts payable	4,506	3,144	4,506	3,144
Accrued liabilities	134,388	118,762	134,388	118,762
Amounts held for clients/others	1,800,689	4,770,418	4,572,711	1,998,396
Total liabilities	<u>\$ 1,939,583</u>	<u>\$ 4,892,324</u>	<u>\$ 4,711,605</u>	<u>\$ 2,120,302</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				
	2011	2012	2013	2014	2015
Governmental Activities:					
Net investment in capital assets	\$ 68,772,203	\$ 68,510,734	\$ 67,043,310	\$ 67,186,543	\$ 66,912,078
Restricted	3,553,440	4,206,094	2,405,814	6,078,884	5,964,927
Unrestricted (deficit)	(63,253,517)	(67,970,939)	(75,750,205)	(79,527,398)	(67,694,758)
Subtotal governmental activities net position	9,072,126	4,745,889	(6,301,081)	(6,261,971)	5,182,247
Business-type Activities:					
Net investment in capital assets	25,321,853	23,396,142	21,784,510	20,424,303	19,381,379
Restricted	-	-	2,584,793	1,855,575	-
Unrestricted (deficit)	(10,171,508)	(10,935,912)	(15,182,972)	(15,102,238)	(14,944,300)
Subtotal business-type activities net position	15,150,345	12,460,230	9,186,331	7,177,640	4,437,079
Primary Government:					
Net investment in capital assets	94,094,056	91,906,876	88,827,820	87,610,846	86,293,457
Restricted	3,553,440	4,206,094	4,990,607	7,934,459	5,964,927
Unrestricted (deficit)	(73,425,025)	(78,906,851)	(90,933,177)	(94,629,636)	(82,639,058)
Total Primary Government net position	24,222,471	17,206,119	2,885,250	915,669	9,619,326
Component Units: (1)					
Net investment in capital assets	175,414,006	181,939,238	193,459,026	192,761,193	188,842,434
Restricted	5,000	5,000	5,000	5,000	5,000
Unrestricted (deficit)	(1,803,528)	(2,041,741)	(1,156,996)	(124,379,628)	(122,774,417)
Total Component Units net position	173,615,478	179,902,497	192,307,030	68,386,565	66,073,017
Total Reporting Entity: (2)					
Net investment in capital assets	171,163,512	170,880,285	174,520,072	180,852,943	183,877,351
Restricted	3,558,440	4,211,094	4,995,607	7,939,459	5,969,927
Unrestricted	23,115,997	22,017,237	15,676,601	(119,490,168)	(114,154,964)
Total Reporting Entity net position (3)	\$ 197,837,949	\$ 197,108,616	\$ 195,192,280	\$ 69,302,234	\$ 75,692,314

(1) Component Units - The School Board net position components are included in this table due to the School Board being a significant portion of the County.

In Virginia, School Boards do not have borrowing or taxing authority; therefore, the County issues debt on behalf of the School Board to finance school facilities projects.

The Economic Development Authority is first included as part of the reporting entity in FY2020. Ending net position of the EDA is first presented in the table in FY2018. Information for prior years is not available.

(2) The sum of the rows does not equal the total reporting entity rows because the debt related to the Component Unit - School Board is reflected in the Primary Government's net position row reducing unrestricted net position. The assets are reflected in the Component Unit - School Board row as net investment in capital assets. The total reporting entity row matches the asset with the debt and reports the net amount on the net investment in capital assets line.

(3) Total reporting entity net position reflects the implementation of GASB Statement No. 68 for FY2014 - FY2020 and the implementation of GASB Statement 75 for FY2017-FY2020.

Fiscal Year					
2016	2017	2018	2019	2020	
\$ 66,424,250	\$ 67,897,791	\$ 58,593,548	\$ 58,805,643	\$ 60,791,853	Governmental Activities:
7,776,690	9,591,829	10,016,685	7,634,090	9,295,027	Net investment in capital assets
(51,817,116)	(44,964,783)	(18,486,444)	2,051,825	5,579,625	Restricted
					Unrestricted (deficit)
22,383,824	32,524,837	50,123,789	68,491,558	75,666,505	Subtotal governmental activities net position
					Business-type Activities:
19,399,111	21,932,278	24,454,010	29,829,023	33,670,328	Net investment in capital assets
-	-	1,158,020	826,278	48,027	Restricted
(18,421,156)	(21,422,557)	(22,073,054)	(26,816,023)	(18,149,486)	Unrestricted (deficit)
977,955	509,721	3,538,976	3,839,278	15,568,869	Subtotal business-type activities net position
					Primary Government:
85,823,361	89,830,069	83,047,558	88,634,666	94,462,181	Net investment in capital assets
7,776,690	9,591,829	11,174,705	8,460,368	9,698,194	Restricted
(70,238,272)	(66,387,340)	(40,559,498)	(24,764,198)	(12,569,861)	Unrestricted (deficit)
23,361,779	33,034,558	53,662,765	72,330,836	91,590,514	Total Primary Government net position
					Component Units: (1)
183,364,033	177,466,992	171,287,807	167,071,314	160,471,122	Net investment in capital assets
73,567	267,564	2,245,775	1,854,624	1,065,692	Restricted
(119,400,706)	(144,988,427)	(140,277,544)	(133,518,332)	(128,830,011)	Unrestricted (deficit)
64,036,894	32,746,129	33,256,038	35,407,606	32,706,803	Total Component Units net position
					Total Reporting Entity: (2)
184,775,961	190,252,913	184,973,674	193,065,462	199,199,529	Net investment in capital assets
7,850,257	9,859,393	13,420,480	10,314,992	10,763,886	Restricted
(105,227,545)	(134,331,619)	(111,475,351)	(95,642,012)	(85,666,098)	Unrestricted
\$ 87,398,673	\$ 65,780,687	\$ 86,918,803	\$ 107,738,442	\$ 124,297,317	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				
	2011	2012	2013	2014	2015
Primary Government:					
Expenses					
Governmental activities:					
General government administration	\$ 10,086,678	\$ 11,751,449	\$ 12,180,275	\$ 11,821,952	\$ 12,413,433
Judicial administration	3,116,374	2,866,625	3,841,643	3,455,862	3,821,911
Public safety	31,188,024	26,328,003	28,929,500	28,306,613	30,694,266
Public works	7,393,258	8,876,778	10,222,875	8,118,419	8,270,407
Health and welfare	9,851,616	10,158,861	9,739,043	10,908,372	12,452,676
Education	79,585,044	90,087,245	93,650,633	80,837,759	81,999,731
Parks, recreation, and cultural	6,640,464	6,275,016	6,601,379	6,342,901	6,302,270
Community development	7,718,297	6,317,724	5,998,815	5,836,086	5,947,344
Interest on long-term debt	5,014,483	4,696,550	4,657,567	4,271,495	2,741,174
Total governmental activities expenses	<u>160,594,238</u>	<u>167,358,251</u>	<u>175,821,730</u>	<u>159,899,459</u>	<u>164,643,212</u>
Business-type activities:					
Airport	1,896,775	2,275,363	2,450,840	1,979,636	2,023,113
Landfill and recycling	4,867,277	5,337,583	6,138,446	6,170,182	5,990,480
Total business-type activities expenses	<u>6,764,052</u>	<u>7,612,946</u>	<u>8,589,286</u>	<u>8,149,818</u>	<u>8,013,593</u>
Total primary government expenses	<u>167,358,290</u>	<u>174,971,197</u>	<u>184,411,016</u>	<u>168,049,277</u>	<u>172,656,805</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government administration	41,633	60,664	508,129	87,779	84,459
Judicial administration	643,119	609,319	788,467	703,704	649,606
Public safety	1,155,945	1,786,469	1,650,787	1,366,598	1,251,234
Health and welfare	-	-	-	-	-
Parks, recreation, and cultural	466,979	549,697	551,243	547,585	598,233
Community development	858,848	845,823	1,042,011	1,341,645	1,459,245
Operating grants and contributions	13,447,591	13,033,159	13,199,292	13,969,611	13,831,352
Capital grants and contributions	216,072	9,594	672	3,783,195	185,290
Total governmental activities program revenues	<u>16,830,187</u>	<u>16,894,725</u>	<u>17,740,601</u>	<u>21,800,117</u>	<u>18,059,419</u>
Business type activities:					
Charges for services:					
Airport	722,674	763,085	737,208	752,750	685,894
Landfill and recycling	4,183,540	4,101,680	4,056,293	4,191,457	3,614,670
Operating grants and contributions	58,145	37,052	482,326	91,673	136,594
Capital grants and contributions	210,410	41,572	-	-	-
Total business-type activities program revenues	<u>5,174,769</u>	<u>4,943,389</u>	<u>5,275,827</u>	<u>5,035,880</u>	<u>4,437,158</u>
Total primary government program revenues	<u>22,004,956</u>	<u>21,838,114</u>	<u>23,016,428</u>	<u>26,835,997</u>	<u>22,496,577</u>
Net (expense) revenue (1)					
Governmental activities	(143,764,051)	(150,463,526)	(158,081,129)	(138,099,342)	(146,583,793)
Business-type activities	<u>(1,589,283)</u>	<u>(2,669,557)</u>	<u>(3,313,459)</u>	<u>(3,113,938)</u>	<u>(3,576,435)</u>
Total primary government net (expense) revenue	<u>\$ (145,353,334)</u>	<u>\$ (153,133,083)</u>	<u>\$ (161,394,588)</u>	<u>\$ (141,213,280)</u>	<u>\$ (150,160,228)</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 - FY2020 and the implementation of GASB Statement 75 for FY2017-FY2020.

(3) Component units - School Board and Economic Development Authority change in net position is included in this table due to significance in the County financials. The Economic Development Authority is first included as part of the reporting entity in FY2020. Ending net position of the EDA is first presented in Table 1 in FY2018. Information for prior years is not available.

Fiscal Year					
2016	2017	2018	2019	2020	
Primary Government:					
Expenses					
\$	\$	\$	\$	\$	Governmental activities:
13,319,869	14,182,276	14,266,200	12,828,508	15,320,894	General government administration
3,952,902	3,706,073	4,213,354	4,054,177	4,403,007	Judicial administration
31,471,801	32,780,969	38,993,075	51,080,252	44,408,658	Public safety
10,220,949	9,683,958	9,379,721	10,028,420	10,010,927	Public works
12,675,215	11,609,435	12,206,022	13,585,126	13,469,468	Health and welfare
82,056,536	83,246,562	85,029,264	90,255,631	91,595,644	Education
6,870,409	7,014,668	7,490,761	6,821,358	7,903,910	Parks, recreation, and cultural
5,811,825	14,187,875	10,307,487	7,808,917	8,315,849	Community development
3,671,366	3,081,185	3,083,112	3,334,515	3,465,061	Interest on long-term debt
170,050,872	179,493,001	184,968,996	199,796,904	198,893,418	Total governmental activities expenses
Business-type activities:					
1,393,026	992,199	985,999	958,674	1,052,222	Airport
6,930,685	6,864,500	7,692,836	9,683,753	8,279,176	Landfill and recycling
8,323,711	7,856,699	8,678,835	10,642,427	9,331,398	Total business-type activities expenses
178,374,583	187,349,700	193,647,831	210,439,331	208,224,816	Total primary government expenses
Program Revenues					
Governmental activities:					
Charges for services:					
133,838	107,015	119,312	95,035	62,580	General government administration
629,947	590,279	812,773	720,768	512,868	Judicial administration
1,664,088	1,750,616	2,083,619	1,515,100	1,750,361	Public safety
-	-	47,237	300	80	Health and welfare
620,519	603,674	623,295	606,884	381,828	Parks, recreation, and cultural
1,481,973	1,474,724	1,377,032	1,711,058	1,504,729	Community development
15,246,647	20,425,296	22,700,129	23,205,957	19,506,557	Operating grants and contributions
2,546,055	50,605	653,945	3,714,438	2,611,843	Capital grants and contributions
22,323,067	25,002,209	28,417,342	31,569,540	26,330,846	Total governmental activities program revenues
Business type activities:					
Charges for services:					
639,442	734,301	681,749	698,639	781,215	Airport
3,357,317	3,667,478	3,933,980	3,592,926	3,370,335	Landfill and recycling
53,611	337,563	79,775	43,383	44,867	Operating grants and contributions
1,298,432	1,671,627	4,056,833	4,605,543	3,902,172	Capital grants and contributions
5,348,802	6,410,969	8,752,337	8,940,491	8,098,589	Total business-type activities program revenues
27,671,869	31,413,178	37,169,679	40,510,031	34,429,435	Total primary government program revenues
Net (expense) revenue (1)					
(147,727,805)	(154,490,792)	(156,551,654)	(168,227,364)	(172,562,572)	Governmental activities
(2,974,909)	(1,445,730)	73,502	(1,701,936)	(1,232,809)	Business-type activities
\$ (150,702,714)	\$ (155,936,522)	\$ (156,478,152)	\$ (169,929,300)	\$ (173,795,381)	Total primary government net (expense) revenue

Table 2

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

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	Fiscal Year				
	2011	2012	2013	2014	2015
Primary Government: (continued)					
General Revenues and Other Changes in Net Position					
Governmental activities:					
Taxes:					
General property taxes	\$ 111,630,849	\$ 114,342,089	\$ 115,379,407	\$ 120,882,416	\$ 125,741,425
Local sales and use taxes	6,298,377	6,637,371	7,151,477	7,558,981	8,024,703
Consumers' utility taxes	1,617,137	1,557,435	1,576,645	1,650,054	1,658,205
Business and professional taxes	1,433,739	1,185,466	1,381,176	1,436,850	1,353,040
Motor vehicle taxes	1,772,081	1,773,850	1,786,005	1,826,612	1,870,836
Taxes on recordation and wills	1,146,468	1,319,617	1,576,702	1,656,673	1,514,756
Other local taxes	177,595	211,306	210,656	198,096	259,151
Investment income	526,240	440,373	312,455	348,189	301,739
Miscellaneous	1,062,845	2,077,845	882,876	977,300	389,682
Grants and contributions not restricted to specific programs	16,765,178	16,665,118	16,819,694	17,555,313	17,705,302
Transfers	228,382	(73,181)	(42,934)	(1,459,775)	(790,828)
Total governmental activities general revenues and other changes in net position	142,658,891	146,137,289	147,034,159	152,630,709	158,028,011
Business-type activities:					
Investment income (loss)	2,260	(94,239)	7,710	50,683	1,057
Miscellaneous	-	500	(11,084)	-	43,989
Transfers	(228,382)	73,181	42,934	1,459,775	790,828
Total business-type activities general revenues and other changes in net position	(226,122)	(20,558)	39,560	1,510,458	835,874
Total primary government general revenues and other changes in net position	142,432,769	146,116,731	147,073,719	154,141,167	158,863,885
Change in Net Position (2)					
Governmental activities	(1,105,160)	(4,326,237)	(11,046,970)	14,531,367	11,444,218
Business-type activities	(1,815,405)	(2,690,115)	(3,273,899)	(1,603,480)	(2,740,561)
Total Primary Government change in net position	(2,920,565)	(7,016,352)	(14,320,869)	12,927,887	8,703,657
Component Units					
Expenses					
Economic Development Authority	-	-	-	-	-
School Board	130,736,865	129,377,130	134,714,730	127,821,631	139,471,783
Total component units - expenses	130,736,865	129,377,130	134,714,730	127,821,631	139,471,783
Program Revenues					
Charges for services	3,256,125	3,649,906	3,308,029	3,204,445	3,402,127
Operating grants and contributions	15,684,062	13,609,856	16,425,197	16,929,078	15,910,673
Total component units-revenues	18,940,187	17,259,762	19,733,226	20,133,523	19,312,800
Net (expense) revenue (1)	(111,796,678)	(112,117,368)	(114,981,504)	(107,688,108)	(120,158,983)
General Revenues and Other Changes in Net Position					
Contribution from primary government	78,601,103	87,973,557	92,996,302	81,889,891	83,276,115
Investment income	499	160	96	94	65
Miscellaneous	328,778	225,962	341,789	321,631	272,457
Grants and contributions not restricted to specific programs	30,848,458	30,204,708	34,047,850	33,940,698	34,296,769
Total component units - general revenues and other changes in net position	109,778,838	118,404,387	127,386,037	116,152,314	117,845,406
Total Component Units - change in net position	\$ (2,017,840)	\$ 6,287,019	\$ 12,404,533	\$ 8,464,206	\$ (2,313,577)

(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 - FY2020 and the implementation of GASB Statement 75 for FY2017-FY2020.

(3) Component units - School Board and Economic Development Authority change in net position is included in this table due to significance in the County financials. The Economic Development Authority is first included as part of the reporting entity in FY2020. Ending net position of the EDA is first presented in Table 1 in FY2018. Information for prior years is not available.

Fiscal Year						
2016	2017	2018	2019	2020		
						Primary Government: (continued)
						General Revenues and Other Changes in Net Position
						Governmental activities:
						Taxes:
\$ 130,409,532	\$ 136,643,418	\$ 142,406,712	\$ 152,069,874	\$ 154,969,913		General property taxes
8,305,286	9,241,227	9,057,564	9,571,159	10,533,415		Local sales and use taxes
1,631,861	1,608,950	1,813,473	1,742,954	1,748,470		Consumers' utility taxes
1,444,902	1,632,643	1,564,338	1,760,438	1,801,247		Business and professional taxes
1,911,876	1,957,392	1,984,960	2,018,892	2,011,001		Motor vehicle taxes
1,720,164	1,731,125	1,789,913	1,746,669	2,271,130		Taxes on recordation and wills
235,719	260,204	296,329	309,902	223,430		Other local taxes
408,673	600,847	1,096,000	2,018,074	1,577,462		Investment income
481,040	156,345	138,972	235,204	244,808		Miscellaneous
17,867,956	17,284,375	16,923,612	17,067,268	17,567,750		Grants and contributions not restricted to specific programs
512,373	(1,155,862)	(2,921,267)	(1,945,301)	(13,211,107)		Transfers
164,929,382	169,960,664	174,150,606	186,595,133	179,737,519		Total governmental activities general revenues and other changes in net position
						Business-type activities:
3,524	9,247	22,460	56,523	38,381		Investment income (loss)
24,634	3,304	12,026	414	68,052		Miscellaneous
(512,373)	1,155,862	2,921,267	1,945,301	13,211,107		Transfers
(484,215)	1,168,413	2,955,753	2,002,238	13,317,540		Total business-type activities general revenues and other changes in net position
164,445,167	171,129,077	177,106,359	188,597,371	193,055,059		Total primary government general revenues and other changes in net position
						Change in Net Position (2)
17,201,577	15,469,872	17,598,952	18,367,769	7,174,947		Governmental activities
(3,459,124)	(277,317)	3,029,255	300,302	12,084,731		Business-type activities
13,742,453	15,192,555	20,628,207	18,668,071	19,259,678		Total Primary Government change in net position
						Component Unit - School Board (3)
						Expenses
-	-	-	152,391	2,551,201		Economic Development Authority
139,806,883	147,319,359	143,149,770	146,093,108	153,799,058		School Board
139,806,883	147,319,359	143,149,770	146,245,499	156,350,259		Total component units - expenses
						Program Revenues
3,277,727	3,411,390	3,312,563	3,250,370	2,382,683		Charges for services
17,904,582	16,699,061	20,010,793	19,741,702	23,385,509		Operating grants and contributions
21,182,309	20,110,451	23,323,356	22,992,072	25,768,192		Total component units - revenues
(118,624,574)	(127,208,908)	(119,826,414)	(123,253,427)	(130,582,067)		Net (expense) revenue (1)
						General Revenues and Other Changes in Net Position
82,152,277	84,355,571	85,244,161	89,887,969	92,288,149		Contribution from primary government
809	2,456	3,896	67,020	74,693		Investment income
159,900	1,076,399	1,336,262	1,682,221	1,152,694		Miscellaneous
34,275,494	33,864,072	33,443,964	33,767,785	34,365,728		Grants and contributions not restricted to specific programs
116,588,480	119,298,498	120,028,283	125,404,995	127,881,264		Total component unit - School Board general revenues and other changes in net position
\$ (2,036,094)	\$ (7,910,410)	\$ 201,869	\$ 2,151,568	\$ (2,700,803)		Total Component Units - change in net position

Table 3

Fund Balances - Governmental Funds
Last Ten Fiscal Years

Page 1 of 2

(modified accrual basis of accounting)

	Fiscal Year				
	2011	2012	2013	2014	2015
General Fund:					
Nonspendable	\$ 241,578	\$ 385,013	\$ 350,816	\$ 492,533	\$ 426,775
Restricted	129,861	165,050	212,918	205,588	210,291
Committed	1,194,682	1,234,803	1,459,328	1,458,931	1,119,654
Assigned	5,778,089	5,396,734	5,661,633	4,290,578	3,383,573
Unassigned	17,059,512	16,003,100	16,506,543	16,622,908	17,031,448
Total General Fund	<u>24,403,722</u>	<u>23,184,700</u>	<u>24,191,238</u>	<u>23,070,538</u>	<u>22,171,741</u>
Other Governmental Funds:					
Nonspendable					
Capital Projects Fund	761,553	704,790	642,522	580,254	512,481
Debt Service Fund	-	2,420,625	2,370,625	-	-
Fire and Rescue Fund (1)	-	-	-	-	168,138
Nonmajor governmental funds	95,244	150,606	187,775	201,934	-
Restricted					
Capital Projects Fund	1,732,830	15,753,189	4,503,238	4,214,963	3,835,930
Fire and Rescue Fund (1)	-	-	-	-	-
Nonmajor governmental funds	1,690,748	2,164,559	1,477,487	1,658,333	2,098,674
Committed					
Capital Projects Fund	9,942,526	7,716,438	4,736,630	5,248,626	4,791,049
Debt Service Fund	445,920	-	-	-	-
Fire and Rescue Fund (1)	-	-	-	-	4,650,941
Nonmajor governmental funds	4,071,351	4,022,105	4,821,958	5,434,684	795,049
Assigned					
Capital Projects Fund	1,773,511	-	-	-	-
Debt Service Fund	-	-	-	565,240	886,092
Nonmajor governmental funds	-	339,762	1,372,457	1,328,924	994,558
Unassigned					
Debt Service Fund	-	(1,760,874)	(2,150,688)	-	-
Nonmajor governmental funds	-	-	-	-	-
Total Other Governmental Funds	<u>20,513,683</u>	<u>31,511,200</u>	<u>17,962,004</u>	<u>19,232,958</u>	<u>18,732,912</u>
Total Governmental Funds	<u>\$ 44,917,405</u>	<u>\$ 54,695,900</u>	<u>\$ 42,153,242</u>	<u>\$ 42,303,496</u>	<u>\$ 40,904,653</u>

(1) 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					
2016*	2017	2018	2019	2020	
\$ 50,162	\$ -	\$ -	\$ -	\$ -	General Fund:
337,264	314,269	219,021	183,022	199,039	Nonspendable
2,201,888	1,697,470	1,203,816	1,884,459	5,587,507	Restricted
4,555,618	8,486,368	10,386,767	8,936,622	6,295,917	Committed
19,150,449	19,801,927	19,085,314	21,191,160	20,555,314	Assigned
26,295,381	30,300,034	30,894,918	32,195,263	32,637,777	Unassigned
					Total General Fund
					Other Governmental Funds:
					Nonspendable
-	-	-	-	-	Capital Projects Fund
-	185,988	-	-	-	Debt Service Fund
-	-	-	-	-	Fire and Rescue Fund (1)
-	-	-	-	-	Nonmajor governmental funds
					Restricted
4,529,804	5,492,607	2,538,619	11,344,860	4,089,348	Capital Projects Fund
-	-	3,396,958	-	-	Fire and Rescue Fund (1)
3,080,914	3,977,274	5,059,087	5,799,488	6,159,640	Nonmajor governmental funds
					Committed
5,659,230	5,189,597	12,907,898	18,825,745	22,107,227	Capital Projects Fund
-	-	-	-	-	Debt Service Fund
5,549,950	5,920,085	6,707,733	6,753,601	2,456,176	Fire and Rescue Fund (1)
855,493	1,063,675	812,962	1,150,080	2,018,339	Nonmajor governmental funds
					Assigned
-	-	-	-	-	Capital Projects Fund
407,118	22,914	82,831	86,231	86,233	Debt Service Fund
1,320,288	2,681,933	-	-	-	Nonmajor governmental funds
					Unassigned
-	-	-	-	-	Debt Service Fund
(3,162)	-	-	-	-	Nonmajor governmental funds
21,399,635	24,534,073	31,506,088	43,960,005	36,916,963	Total Other Governmental Funds
\$ 47,695,016	\$ 54,834,107	\$ 62,401,006	\$ 76,155,268	\$ 69,554,740	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				
	2011	2012	2013	2014	2015
Revenues					
General property and other local taxes	\$ 124,880,233	\$ 126,471,138	\$ 130,570,935	\$ 135,160,010	\$ 140,265,298
Permits, privilege fees, and regulatory licenses	889,367	900,061	1,541,522	1,418,324	1,532,066
Fines and forfeitures	470,323	447,742	548,076	499,746	465,431
Revenue from use of money and property	507,677	421,223	289,678	335,394	284,998
Charges for services	1,993,776	2,230,281	2,468,314	2,295,264	2,394,233
Gifts and donations	177,298	210,633	167,862	221,411	515,976
Recovered costs	263,985	441,593	434,215	427,366	568,798
Miscellaneous	1,062,845	2,077,845	882,876	4,068,300	389,682
Intergovernmental:					
Commonwealth of Virginia	26,577,419	25,934,368	26,922,538	28,049,395	27,752,268
Federal Government	3,674,124	3,562,870	2,929,258	3,946,313	3,242,138
Total revenues	160,497,047	162,697,754	166,755,274	176,421,523	177,410,888
Expenditures					
Current operating:					
General government administration	10,546,705	11,329,498	11,678,971	12,457,887	12,190,628
Judicial	2,974,541	3,129,590	3,541,030	3,642,931	3,749,075
Public safety	23,556,090	23,087,303	26,542,674	28,645,320	29,595,738
Public works	7,202,063	8,283,553	9,706,397	7,915,339	8,006,917
Health and welfare	9,889,115	9,937,121	9,586,398	11,328,226	12,594,333
Education	78,883,664	88,033,156	93,017,474	82,208,303	83,339,470
Parks, recreation, and cultural	5,806,542	5,409,843	5,500,954	5,776,405	6,057,766
Community development	7,652,116	5,988,110	5,729,630	6,142,311	6,292,928
Nondepartmental	649,715	681,335	753,584	754,421	738,963
Capital outlay	877,303	3,637,103	1,464,968	1,924,000	3,472,214
Debt service:					
Principal retirement (1)	8,730,851	8,760,894	8,826,681	9,007,000	8,767,748
Interest & fiscal charges (1)	5,986,485	5,735,211	5,136,165	5,000,529	4,563,842
Bond issuance costs (2)	143,778	299,881	34,284	-	111,700
Total expenditures	162,898,968	174,312,598	181,519,210	174,802,672	179,481,322
Excess (deficiency) of revenues over (under) expenditures	(2,401,921)	(11,614,844)	(14,763,936)	1,618,851	(2,070,434)
Other financing sources (uses)					
Transfers in	18,634,518	18,825,348	16,942,106	19,714,744	20,805,913
Transfers (out)	(18,648,531)	(20,288,417)	(18,479,808)	(21,183,341)	(21,596,741)
Issuance of debt (1)	1,566,000	19,880,000	3,305,000	-	1,386,719
Issuance of refunding bonds	5,430,000	13,260,000	-	-	9,101,000
Premium on refunding debt	-	-	-	-	-
Payment to bond escrow agent	(5,962,000)	(15,124,411)	-	-	(9,025,300)
Premiums on issuance of debt	657,736	3,563,048	453,980	-	-
Total other financing sources (uses)	1,677,723	20,115,568	2,221,278	(1,468,597)	671,591
Net change in fund balances	\$ (724,198)	\$ 8,500,724	\$ (12,542,658)	\$ 150,254	\$ (1,398,843)

- (1) In Virginia, School Boards do not have borrowing or taxing authority, therefore the County issues debt on behalf of the School Board to finance school facilities projects. Because of this, debt service payments related to school facilities are presented as debt service of the Primary Government. Debt service as a percentage of noncapital expenditures for the Total Reporting Entity more appropriately reflects the unique Virginia school debt requirements.
- (2) The presentation for FY2011 through FY2013 include bond issuance costs.
- (3) The amount reported for "capital outlay primary government only" matches the reconciling item for capital outlay in the reconciliation between the government-wide statement of activities and the statement of revenues, expenditures, and changes in fund balance for governmental funds (Exhibit 6). The amount reported for "capital outlay Component Unit - School Board only" matches the reconciling item for capital outlay in the reconciliation between the government-wide statement of activities and the statement of revenues, expenditures, and changes in fund balance for the Discretely Presented Component Unit - School Board (Exhibit 33).

Fiscal Year					
2016	2017	2018	2019	2020	
\$ 145,958,511	\$ 153,130,626	\$ 158,963,558	\$ 168,921,271	\$ 172,986,781	Revenues
1,569,769	1,561,027	1,475,745	1,799,330	1,555,569	General property and other local taxes
431,902	458,810	728,722	546,549	373,936	Permits, privilege fees, and regulatory licenses
367,166	525,021	882,699	1,621,107	1,315,139	Fines and forfeitures
2,466,019	2,559,972	2,468,680	2,610,278	2,300,004	Revenue from use of money and property
1,031,810	917,095	1,169,196	850,926	1,530,778	Charges for services
389,486	424,520	625,234	489,035	467,330	Gifts and donations
2,407,938	799,404	943,671	4,390,125	2,579,756	Recovered costs
					Miscellaneous
					Intergovernmental:
28,376,246	30,173,577	29,651,120	27,595,757	28,068,833	Commonwealth of Virginia
3,867,596	6,250,432	4,608,104	5,006,409	7,629,624	Federal Government
<u>186,866,443</u>	<u>196,800,484</u>	<u>201,516,729</u>	<u>213,830,787</u>	<u>218,807,750</u>	
					Expenditures
12,802,295	13,736,444	14,004,974	14,125,547	14,948,990	Current operating:
3,890,324	3,874,425	3,940,365	4,096,274	4,143,025	General government administration
31,383,502	31,271,719	36,869,480	51,557,318	43,741,910	Judicial
9,998,893	8,184,775	8,521,245	9,437,855	8,764,742	Public safety
12,817,543	11,667,455	12,168,492	12,613,367	13,408,284	Public works
82,217,289	84,418,916	85,309,188	89,958,394	92,363,346	Health and welfare
6,179,184	6,281,542	7,220,351	9,543,091	18,526,165	Education
6,163,981	14,263,203	10,424,417	8,155,151	8,756,840	Parks, recreation, and cultural
390,751	754,859	904,726	605,562	697,995	Community development
1,903,204	5,418,998	4,037,770	4,419,969	4,071,357	Nondepartmental
					Capital outlay
9,053,340	9,612,158	8,396,812	8,456,382	9,293,630	Debt service:
4,165,161	3,803,431	3,450,426	3,329,218	3,583,524	Principal retirement (1)
-	169,620	-	186,938	45,450	Interest & fiscal charges (1)
					Bond issuance costs (2)
<u>180,965,467</u>	<u>193,457,545</u>	<u>195,248,246</u>	<u>216,485,066</u>	<u>222,345,258</u>	Total expenditures
<u>5,900,976</u>	<u>3,342,939</u>	<u>6,268,483</u>	<u>(2,654,279)</u>	<u>(3,537,508)</u>	Excess (deficiency) of revenues over (under) expenditures
					Other financing sources (uses)
20,111,099	21,000,709	25,799,292	26,473,627	29,069,911	Transfers in
(19,613,370)	(22,164,368)	(29,577,564)	(28,453,675)	(36,971,564)	Transfers (out)
391,658	4,878,380	4,608,587	16,551,161	13,643,400	Issuance of debt (1)
-	2,775,000	-	-	-	Issuance of refunding bonds
-	704,772	421,259	1,837,428	-	Premium on refunding debt
-	(3,398,341)	-	-	(8,804,767)	Payment to bond escrow agent
-	-	-	-	-	Premiums on issuance of debt
<u>889,387</u>	<u>3,796,152</u>	<u>1,251,574</u>	<u>16,408,541</u>	<u>(3,063,020)</u>	Total other financing sources (uses)
<u>\$ 6,790,363</u>	<u>\$ 7,139,091</u>	<u>\$ 7,520,057</u>	<u>\$ 13,754,262</u>	<u>\$ (6,600,528)</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				
	2011	2012	2013	2014	2015
Debt Service as a Percentage of Noncapital Expenditures: (1)					
Primary Government:					
Total debt service	\$ 14,717,336	\$ 14,496,105	\$ 13,962,846	\$ 14,007,529	\$ 13,331,590
Total expenditures	162,898,968	174,312,598	181,519,210	174,802,672	179,481,322
Capital outlay primary government only (3)	4,289,680	4,215,022	1,162,088	3,146,923	3,672,064
Non-capital expenditures	158,609,288	170,097,576	180,357,122	171,655,749	175,809,258
Debt service as a percentage of noncapital expenditures: Primary Government only	9.28%	8.52%	7.74%	8.16%	7.58%
Component Unit - School Board:					
Schools expenditures excluding County contribution	48,447,441	47,846,703	53,594,864	54,160,921	53,805,742
Capital outlay Component Unit - School Board only (3)	2,045,997	1,122,708	1,524,264	2,549,290	2,658,590
Non-capital expenditures	46,401,444	46,723,995	52,070,600	51,611,631	51,147,152
Total Reporting Entity:					
Total debt service	14,717,336	14,496,105	13,962,846	14,007,529	13,331,590
Total non-capital expenditures	\$ 205,010,732	\$ 216,821,571	\$ 232,427,722	\$ 223,267,380	\$ 226,956,410
Debt service as a percentage of noncapital expenditures: Total Reporting Entity	7.18%	6.69%	6.01%	6.27%	5.87%

- (1) In Virginia, School Boards do not have borrowing or taxing authority, therefore the County issues debt on behalf of the School Board to finance school facilities projects. Because of this, debt service payments related to school facilities are presented as debt service of the Primary Government. Debt service as a percentage of noncapital expenditures for the Total Reporting Entity more appropriately reflects the unique Virginia school debt requirements.
- (2) The presentation for FY2011 through FY2013 include bond issuance costs.
- (3) The amount reported for "capital outlay primary government only" matches the reconciling item for capital outlay in the reconciliation between the government-wide statement of activities and the statement of revenues, expenditures, and changes in fund balance for governmental funds (Exhibit 6). The amount reported for "capital outlay Component Unit - School Board only" matches the reconciling item for capital outlay in the reconciliation between the government-wide statement of activities and the statement of revenues, expenditures, and changes in fund balance for the Discretely Presented Component Unit - School Board (Exhibit 33).

Fiscal Year					
2016	2017	2018	2019	2020	
					Debt Service as a Percentage of Noncapital Expenditures: (1)
					Primary Government:
\$ 13,218,501	\$ 13,415,589	\$ 11,847,238	\$ 11,972,538	\$ 12,922,604	Total debt service
180,965,467	193,457,545	195,248,246	216,485,066	222,345,258	Total expenditures
1,846,546	4,606,649	5,115,341	11,005,851	17,519,268	Capital outlay primary government only (3)
179,118,921	188,850,896	190,132,905	205,479,215	204,825,990	Non-capital expenditures
7.38%	7.10%	6.23%	5.83%	6.31%	Debt service as a percentage of noncapital expenditures: Primary Government only
					Component Unit - School Board:
55,915,274	54,571,202	57,724,088	63,770,075	61,745,925	Schools expenditures excluding County contribution
2,784,141	2,226,249	1,866,169	7,264,443	6,598,049	Capital outlay Component Unit - School Board only (3)
53,131,133	52,344,953	55,857,919	56,505,632	55,147,876	Non-capital expenditures
					Total Reporting Entity:
13,218,501	13,415,589	11,847,238	11,972,538	12,922,604	Total debt service
\$ 232,250,054	\$ 241,195,849	\$ 245,990,824	\$ 261,984,847	\$ 259,973,866	Total non-capital expenditures
5.69%	5.56%	4.82%	4.50%	4.95%	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							
				Public Service	Total Taxable	Add:	Total Value	
	Residential Property	Commercial Property	Agricultural Property	SCC Assessed	Real Property Assessed Value	Tax-Exempt Real Property		
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	
2020	8,998,105,200	1,213,702,700	1,954,430,300	738,721,754	12,904,959,954	953,451,100	13,858,411,054	

Table 5-B

Tax Relief for the Elderly
Last Ten Calendar Years

Taxable Year	Tax Relief for the Elderly
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
2020	338,265,400

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			
\$ 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
796,099,795	241,645,539	1,037,745,334	13,942,705,288	0.925	2020

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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
FAUQUIER COUNTY										
Countywide tax levies:										
Real property:										
General Fund	\$ 0.919	\$ 0.919	\$ 0.929	\$ 0.941	\$ 0.948	\$ 0.975	\$ 0.975	\$ 0.855	\$ 0.855	\$ 0.855
Fire and Rescue Special Revenue Fund	0.045	0.045	0.045	0.045	0.045	0.058	0.058	0.121	0.133	0.133
Conservation Easement Purchase Levy	0.006	0.006	0.006	0.006	0.006	0.006	0.006	0.006	0.006	0.006
Total direct real property tax rate	0.970	0.970	0.980	0.992	0.999	1.039	1.039	0.982	0.994	0.994
Personal property:										
General class	4.650	4.650	4.650	4.650	4.650	4.650	4.650	4.650	4.650	4.650
Airplanes	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001
Machinery and tools	2.300	2.300	2.300	2.300	2.300	2.300	2.300	2.300	2.300	2.300
Handicapped equipped vehicle	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050
Camper trailers and boats	1.500	1.500	1.500	1.500	1.500	1.500	1.500	1.500	1.500	1.500
Mobile homes	0.970	0.970	0.980	0.992	0.999	1.039	1.039	0.982	0.994	0.994
Buses with 30 or more passengers	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Business furniture, fixtures, and equipment	2.300	2.300	2.300	2.300	2.300	2.300	2.300	2.300	2.300	2.300
Fire and rescue volunteer vehicle	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250
Total direct personal property tax rate (2)	4.180	4.220	4.255	4.255	4.241	4.200	4.200	5.206	5.149	5.149
Total direct tax rate (2)	1.164	1.169	1.186	1.197	1.211	1.254	1.254	0.920	0.925	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	13.64
OVERLAPPING GOVERNMENTS										
Town of Warrenton:										
Real estate	0.015	0.015	0.015	0.015	0.015	0.050	0.050	0.050	0.050	0.050
Personal property	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Town of Remington:										
Real estate	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125
Personal property	1.100	1.100	1.100	1.100	1.100	1.100	1.100	1.100	1.100	1.100
Town of The Plains:										
Real estate	0.040	0.040	0.040	0.040	0.040	0.040	0.040	0.040	0.040	0.040
Personal property	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500

(1) The County does not have any direct and overlapping debt to report.

(2) The total direct personal property tax rate and the total direct tax rate are calculated using the taxable property assessed value weighted average method.

(3) The Marshall Street Light Levy is a special assessment for the Marshall District.

(4) The Stormwater Management Levy is a special assessment per parcel on certain parcels.

Sources: Fauquier County Commissioner of the Revenue; Town of Warrenton; Town of Remington; Town of The Plains

COUNTY OF FAUQUIER, VIRGINIA

Table 7-A

Principal Real Property Taxpayers
Current Year and Nine Years Ago

TAXPAYER	2020			2011		
	Assessed Valuation	Rank	% of Total Assessed Valuation	Assessed Valuation	Rank	% of Total Assessed Valuation
Virginia Electric & Power Company	\$ 433,454,794	1	3.45%	\$ 299,065,806	1	2.92%
Old Dominion Electric Co-op	110,259,614	2	0.88%	163,382,262	2	1.59%
Fauquier Medical Center LLC	81,611,800	3	0.65%			
Northern Virginia Electric Co-op	35,572,361	4	0.28%	30,748,505	4	0.30%
Warrenton Center LLC	34,813,000	5	0.28%	29,666,400	5	0.29%
Verizon - Virginia LLC	25,606,923	6	0.20%	54,889,198	3	0.54%
Fauquier Long-Term Care, LLC	23,876,362	7	0.19%			
Rappahannock Electric Co-op	23,474,100	8	0.19%	19,085,220	8	0.19%
Norfolk Southern Railway Corporation	19,999,582	9	0.16%	17,407,337	10	0.17%
Northrock Center LLC	18,931,400	10	0.15%			
Oak Spring Farms LLC				22,968,300	6	0.22%
Saul Holdings Limited Partnership				19,582,100	7	0.19%
Warrenton Development Company				18,774,000	9	0.18%
Total	\$ 807,599,936		6.43%	\$ 675,569,128		6.59%

Source: Fauquier County Commissioner of the Revenue

Table 7-B

Principal Personal Property Taxpayers (1)
Current Year and Nine Years Ago

TAXPAYER	2020			2011		
	Assessed Valuation	Rank	% of Total Assessed Valuation	Assessed Valuation	Rank	% of Total Assessed Valuation
VADATA Inc	\$ 89,075,903	1	10.17%			
Atlantic Coast Pipeline LLC	48,331,429	2	5.52%			
Data Center Vint Hill LLC	19,883,894	3	2.27%			
Superior Asphalt Inc	15,831,836	4	1.81%			
H&E Equipment Services Inc	9,893,415	5	1.13%	\$ 2,638,322	5	0.40%
Fauquier Medical Center LLC	6,295,245	6	0.72%			
Luck Stone Corporation	5,236,933	7	0.60%	3,090,651	3	0.47%
Vulcan Construction Materials LP	4,518,357	8	0.52%	4,841,831	2	0.73%
General Excavation Inc	4,090,126	9	0.47%			
Comcast of CA/MD/PA/VA/WV LLC	4,000,960	10	0.46%	5,914,136	1	0.90%
Toyota Motor Credit Corp (TLT)				2,724,123	4	0.41%
Harris Teeter Inc. #329				1,930,732	6	0.29%
Smith-Midland Corp				1,739,931	7	0.26%
Financial Services Vehicles Trust				1,412,054	8	0.21%
D. L. Peterson Trust				1,380,613	9	0.21%
Penske Truck Leasing Co LP				1,085,580	10	0.16%
Total	\$ 207,158,098		23.67%	\$ 26,757,973		4.04%

(1) Original TY 2020 Book Assessments.

Source: Fauquier County Commissioner of the Revenue

COUNTY OF FAUQUIER, VIRGINIA

Table 8

Property Tax Levies and Collections
Last Ten Fiscal Years

Tax Year	Tax Levied for the Tax Year	Adjustments	Total Adjusted Levy	Collections within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	Percentage of Adjusted Tax Levy		Amount	Percentage of Adjusted Tax Levy
2011	\$ 126,490,969	\$ (1,838,218)	\$ 124,652,751	\$ 121,550,395	98.15%	\$ 2,879,749	\$ 124,430,144	99.82%
2012	128,120,294	(1,695,415)	126,424,879	124,194,129	98.64%	2,022,544	126,216,673	99.84%
2013	130,416,940	(1,693,367)	128,723,573	127,043,501	98.55%	1,460,713	128,504,214	99.83%
2014	135,048,317	(2,063,072)	132,985,245	131,489,753	98.32%	236,694	131,726,447	99.05%
2015	139,715,498	(2,228,755)	137,486,743	136,752,914	99.04%	500,896	137,253,810	99.83%
2016	145,116,299	(2,221,727)	142,894,572	141,729,823	98.96%	890,560	142,620,383	99.81%
2017	150,925,791	(2,232,441)	148,693,350	147,622,593	97.68%	708,627	148,331,220	99.76%
2018	158,306,493	(2,672,119)	155,634,374	153,416,764	98.93%	1,769,878	155,186,642	99.71%
2019	166,520,305	(3,296,070)	163,224,235	161,869,811	99.84%	632,399	162,502,210	99.56%
2020	170,469,614	(3,441,521)	167,028,093	164,860,431	98.70%	-	164,860,431	98.70%

The Personal Property Tax Relief Act amounts received for tax years 2016 to 2020 are as follows:

FY 2016	\$ 13,758,849	CY 2016
FY 2017	13,707,834	CY 2017
FY 2018	13,705,160	CY 2018
FY 2019	13,658,120	CY 2019
FY 2020	13,658,086	CY 2020

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		
2011	\$ 9,235,569	\$ 8,186,317	\$ 36,140,583	\$ 61,428,505	\$ 298,000	\$ -	\$ -	\$ 115,288,974	\$ -	\$ 3,842,519,000	3.00%	1,761
2012	4,870,290	7,742,774	35,743,215	77,848,199	-	6,065,440	-	132,269,918	-	4,108,761,000	3.22%	2,011
2013	3,843,205	7,301,780	32,555,866	76,580,596	-	5,925,854	-	126,207,301	-	4,005,122,000	3.15%	1,908
2014	2,911,274	6,858,665	29,368,052	71,241,989	-	5,387,159	-	115,767,139	-	4,128,779,000	2.80%	1,739
2015	3,001,296	6,399,539	27,727,283	65,756,480	-	9,646,698	-	112,531,296	-	4,383,489,000	2.57%	1,667
2016	2,038,177	5,925,420	25,267,136	60,272,709	-	9,430,964	-	102,934,406	-	4,478,992,000	2.30%	1,516
2017	5,113,511	5,728,520	22,762,210	54,797,067	-	9,129,028	-	97,530,336	-	4,694,878,000	2.08%	1,431
2018	4,490,699	10,089,438	20,210,265	49,480,501	-	8,814,800	118,587	93,204,290	-	5,002,860,000	1.86%	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
2020	8,343,746	25,306,904	15,399,876	39,090,403	-	8,165,214	204,792	96,510,935	10,672,434	*	*	1,367

(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)
2011	\$	36,140,583	\$ 61,428,505	\$ 97,569,088	2.54%	0.89%	1,491
2012		35,743,215	77,848,199	113,591,414	2.76%	1.03%	1,727
2013		32,555,866	76,580,596	109,136,462	2.72%	0.98%	1,650
2014		29,368,052	71,241,989	100,610,041	2.44%	0.88%	1,511
2015		27,727,283	65,756,480	93,483,763	2.13%	0.81%	1,385
2016		25,267,136	60,272,709	85,539,845	1.90%	0.73%	1,260
2017		22,762,210	54,797,067	77,559,277	1.63%	0.65%	1,138
2018		20,210,265	49,480,501	69,690,766	1.40%	0.52%	1,009
2019		17,733,115	44,338,192	62,071,307	*	0.45%	885
2020		15,399,876	39,090,403	54,490,279	*	0.39%	772

(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				
	2011	2012	2013	2014	2015
Budgeted revenues (1)	\$ 154,965,925	\$ 157,396,115	\$ 159,945,659	\$ 163,855,490	\$ 170,353,442
Debt limit (2)	15,496,593	15,739,612	15,994,566	16,385,549	17,035,344
Total net debt applicable to limit (3)	<u>15,364,141</u>	<u>15,138,516</u>	<u>14,609,344</u>	<u>14,936,587</u>	<u>14,259,898</u>
County policy margin	\$ <u>132,452</u>	\$ <u>601,096</u>	\$ <u>1,385,222</u>	\$ <u>1,448,962</u>	\$ <u>2,775,446</u>
Total net debt applicable to the limit as a percentage of general revenues	9.91%	9.62%	9.13%	9.12%	8.37%

- (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						
2016	2017	2018	2019	2020		
\$ 174,239,206	\$ 181,242,684	\$ 186,361,492	\$ 200,257,948	\$ 208,093,792		Budgeted revenues (1)
17,423,921	18,124,268	18,636,149	20,025,795	20,809,379		Debt limit (2)
<u>14,148,209</u>	<u>14,346,246</u>	<u>12,778,846</u>	<u>13,145,314</u>	<u>13,359,801</u>		Total net debt applicable to limit (3)
\$ <u><u>3,275,712</u></u>	\$ <u><u>3,778,022</u></u>	\$ <u><u>5,857,303</u></u>	\$ <u><u>6,880,481</u></u>	\$ <u><u>7,449,578</u></u>		County policy margin
8.12%	7.92%	6.86%	6.56%	6.42%		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)
2011	65,460	\$ 3,842,519	\$ 58,192	5.7%	36,637	20,781	11,241
2012	65,780	4,108,761	61,729	5.4%	36,761	21,387	11,201
2013	66,131	4,005,122	59,654	5.2%	36,742	21,213	11,032
2014	66,573	4,128,779	60,614	4.8%	36,676	21,076	11,084
2015	67,512	4,383,489	64,065	4.1%	36,626	21,549	11,055
2016	67,898	4,507,688	65,514	3.6%	36,308	22,054	11,042
2017	68,168	4,755,784	68,382	3.4%	36,573	22,116	11,007
2018	69,098	4,985,287	70,571	2.8%	37,212	22,417	11,104
2019	70,150	5,169,053	72,577	2.6%	38,163	22,249	11,153
2020	70,580	*	*	6.2%	36,646	21,969	11,100

- Sources:
- (1) Weldon Cooper Center for Public Service final population estimates as of July 1st for FY2011 through FY2019, and provisional estimate for FY2020, as of July 1, 2019.
 - (2) Bureau of Economic Analysis, calendar year data. New estimates for 2019; revised estimates for 2011-2018.
 - (3) Bureau of Labor Statistics Data for the Unemployment Rate and County Civilian Labor Force is the rate at June of the corresponding year. Bureau of Labor Statistics Data for At-Place Employment is the average of the first three months (January, February, and March) of the calendar year.
 - (4) School enrollment from the Fauquier County Public Schools Adopted Budgets.

* Unavailable

COUNTY OF FAUQUIER, VIRGINIA

Table 13

Principal Employers (1)
Current Year and Nine Years Ago

Employer	2020		2011	
	Rank	Number of Employees	Rank	Number of Employees
Fauquier County School Board	1	1000 and over	1	1000 and over
County of Fauquier	2	500 to 999	3	500 to 999
Fauquier Health System	3	500 to 999	2	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	8	100 to 249
Food Lion	7	100 to 249	6	100 to 249
Blue Ridge Orthopaedic Associates	8	100 to 249		
Country Chevrolet, Peugeot	9	100 to 249		
The Home Depot	10	100 to 249		
Warrenton Overlook Health and Rehabilitation Center			7	100 to 249
Oak Springs Nursing Home			9	100 to 249
Pearson Government Solutions Inc			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 2020 and 2nd Quarter of 2011)



COUNTY OF FAUQUIER, VIRGINIA

Table 14

County Government Employees by Function
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General government administration	112.2	113.2	113.4	114.4	116.8	117.5	119.6	122.5	123.5	124.5
Judicial administration	38.5	38.8	42.8	42.8	44.1	45.1	45.1	45.1	45.1	45.1
Public safety	191.5	207.5	238.5	238.5	248.9	248.9	260.5	266.5	299.5	309.5
Public works	74.1	74.1	76.1	75.5	79.5	78.5	79.5	79.5	81.5	81.5
Health and welfare	45.1	46.5	47.5	47.5	48.5	48.5	48.5	48.5	58.5	59.5
Parks, recreation, and cultural	58.7	60.6	61.9	61.9	62.9	63.2	64.2	65.2	65.2	65.2
Community development	61.5	63.5	62.1	62.1	72.1	75.1	76.1	76.1	76.1	76.1
Total Primary Government	581.6	604.2	642.3	642.7	672.8	676.8	693.5	703.4	749.4	761.4
Component Unit - School Board										
Education	1,863.1	1,863.1	1,816.3	1,819.5	1,831.1	1,836.1	1,819.1	1,831.0	1,890.7	1,900.9
Total Reporting Entity	2,444.7	2,467.3	2,458.6	2,462.2	2,503.9	2,512.9	2,512.6	2,534.4	2,640.1	2,662.3

(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				
	2011	2012	2013	2014	2015
General government administration					
Commissioner of the revenue					
Real estate number of parcels	32,638	32,805	32,897	32,967	33,276
Land use number of parcels	3,953	3,941	3,925	3,950	3,914
PPTRA qualifying vehicles	69,326	70,846	71,931	70,800	74,556
County attorney (5)					
Total litigation files opened	32	32	11	9	13
Active open litigation cases	-	-	-	-	-
Finance					
Vendor checks issued	17,518	16,349	17,555	17,971	17,071
Human resources					
Employment applications received	18,941	15,248	11,814	9,125	9,668
New employees orientated	535	607	548	526	841
Payroll annual checks/direct deposits	52,750	53,826	53,104	68,750	43,467
Information technology					
Website hits (6)	1,094,809	1,154,107	1,043,798	1,056,552	1,582,195
Unique page views (8)	-	-	-	-	-
Treasurer					
Real estate bills mailed	63,064	63,165	63,101	63,486	64,548
Personal property bills mailed	61,782	62,500	63,494	64,910	66,643
Dog tags issued	3,374	3,293	3,340	3,434	3,737
Judicial administration					
Adult court services					
Average daily caseload	415	522	564	425	450
Circuit court (2)					
Civil cases	1,002	699	884	640	561
Criminal cases	964	1,165	1,168	1,211	1,123
Clerk of the circuit court (by calendar year)					
Deed book recording	10,858	13,883	14,153	10,188	11,986
Judgments	2,343	2,129	1,758	1,927	1,555
Criminal cases	1,054	1,187	1,166	1,221	950
Concealed weapon permits	593	958	1,607	1,078	1,218
Public safety					
Detention center					
Prisoner transports	4,238	5,370	6,119	6,967	7,441
Average daily inmate population	110	110	103	104	102
Work Release/Home Incarceration Daily Average					
Participation					
Juvenile detention (9)					
Youth detained	53	44	44	50	50
Child care days	788	258	259	300	300
Juvenile probation					
Probation and paroles per month	116	62	102	75	110
Intakes	1,212	1,026	1,108	1,250	1,200

(1) Operating indicators for the current year-end will not be available until the publication of the subsequent year's budget. Therefore, FY2020 information is not available.

(2) Circuit court data based on calendar year.

(3) Updated Recycled Materials - Tons rate in FY2016 to reflect correct statistic.

(4) Transfer station operations began in FY2016.

(5) As of FY2016, County Attorney revised reporting categories.

(6) As of FY2017, Information Technology utilized a new method of website tracking.

(7) As of FY2017, the Sheriff's Office utilized a new method for reporting categories.

(8) As of FY2019, Information Technology utilized a new method of tracking website visitors.

(9) As of FY2018, Juvenile Detention utilized a new method of reporting.

(10) As of FY2017, the structure of the SAT test and scoring methodology changed.

Sources: Fauquier County Adopted Budgets; Fauquier County Departments; Fauquier County School Board Superintendent's Annual Reports

* Unavailable

Fiscal Year					
2016	2017	2018	2019	2020 (1)	
					General government administration
					Commissioner of the revenue
33,466	33,591	32,785	32,898	*	Real estate number of parcels
3,867	3,847	3,768	3,867	*	Land use number of parcels
75,741	77,413	78,961	80,590	*	PPTRA qualifying vehicles
					County attorney (5)
13	-	-	-	*	Total litigation files opened
351	390	346	331	*	Active open litigation cases
					Finance
17,247	17,290	18,119	17,011	*	Vendor checks issued
					Human resources
9,065	10,162	10,509	4,042	*	Employment applications received
737	840	880	770	*	New employees orientated
66,835	77,610	71,008	72,004	*	Payroll annual checks/direct deposits
					Information technology
1,199,765	210,985	210,651	-	*	Website hits (6)
-	-	-	1,343,804	*	Unique page views (8)
					Treasurer
64,550	65,655	65,916	66,252	*	Real estate bills mailed
68,310	69,726	70,206	71,883	*	Personal property bills mailed
3,576	4,466	4,283	4,118	*	Dog tags issued
					Judicial administration
					Adult court services
315	310	350	322	*	Average daily caseload
					Circuit court (2)
687	595	849	600	*	Civil cases
974	1,150	861	860	*	Criminal cases
					Clerk of the circuit court (by calendar year)
12,515	11,555	10,562	11,500	*	Deed book recording
1,290	1,348	1,256	1,300	*	Judgments
1,082	1,085	861	850	*	Criminal cases
1,417	1,368	1,534	1,200	*	Concealed weapon permits
					Public safety
					Detention center
6,958	6,678	6,680	6,338	*	Prisoner transports
91	82	86	70	*	Average daily inmate population
					Work Release/Home Incarceration Daily Average
					Participation
					Juvenile detention (9)
50	50	2	5	*	Youth detained
300	300	19	12	*	Child care days
					Juvenile probation
110	110	50	15	*	Probation and paroles per month
1,200	1,283	1,283	928	*	Intakes

Table 15

Operating Indicators by Function
Last Ten Fiscal Years

Page 3 of 6

Function	Fiscal Year				
	2011	2012	2013	2014	2015
Public safety (continued)					
Fire, rescue, and emergency services					
Operations:					
911 calls for service	10,693	27,180	26,553	24,196	27,607
Hazardous material response	10 calls	8 calls	20 calls	25 calls	7 calls
Emergency Response - EMS	7,187	7,032	7,187	7,230	7,533
Emergency Response - Fire	4,420	3,931	3,938	3,964	4,386
Sheriff (7)					
Sheriff's Office:					
Traffic summonses issued	8,183	7,224	6,992	6,864	5,952
Misdemeanor arrests	2,499	3,082	2,283	2,345	1,937
Felony arrests	882	1,068	930	1,089	1,028
Civil papers served	16,572	15,667	15,364	21,548	19,342
Calls for service	59,448	66,260	71,048	65,565	68,577
Animal control calls for service	3,501	3,765	3,177	3,116	2,589
Joint communications					
Telephone calls processed	157,299	158,821	158,493	160,078	157,410
Dispatch actions performed	793,509	857,133	886,108	912,691	921,379
Calls for service	101,786	110,305	133,542	116,948	114,435
Public works					
Environmental services - convenience sites					
Trash - tons	16,963	17,307	17,702	17,841	17,608
Recycled materials - tons (3)	2,564	2,413	2,446	2,654	2,634
Resident visits	509,204	514,270	523,106	527,506	526,812
General services					
Facility work orders completed	7,979	8,499	8,405	8,500	7,542
Fleet vehicles/small engines	665	641	618	725	800
Square Footage that Services are Provided for					
Comprehensive Maintenance Plan Work Order Projects					
Preventive maintenance schedule	1,699	1,891	2,009	2,000	2,029
Health and welfare					
Children's Services Act (CSA)					
Congregate care	25	26	28	45	65
Foster care - therapeutic, specialized, regular	56	71	81	112	75
Community based services	146	104	155	196	195
Special Education Day Placements	35	27	29	35	46
SPED Wraps	8	52	26	13	20
Social services					
Adoption assistance	34	33	42	44	59
Long term care screenings	122	102	102	135	136

- (1) Operating indicators for the current year-end will not be available until the publication of the subsequent year's budget. Therefore, FY2020 information is not available.
- (2) Circuit court data based on calendar year.
- (3) Updated Recycled Materials - Tons rate in FY2016 to reflect correct statistic.
- (4) Transfer station operations began in FY2016.
- (5) As of FY2016, County Attorney revised reporting categories.
- (6) As of FY2017, Information Technology utilized a new method of website tracking.
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- (9) As of FY2018, Juvenile Detention utilized a new method of reporting.
- (10) As of FY2017, the structure of the SAT test and scoring methodology changed.

Sources: Fauquier County Adopted Budgets; Fauquier County Departments; Fauquier County School Board Superintendent's Annual Reports

* Unavailable

Fiscal Year					
2016	2017	2018	2019	2020 (1)	
Public safety (continued)					
Fire, rescue, and emergency services					
Operations:					
26,593	24,845	24,085	23,951	*	911 calls for service
10 calls	6 calls	5 calls	5 calls	*	Hazardous material response
7,706	4,551	7,705	7,980	*	Emergency Response - EMS
4,648	2,655	4,819	5,527	*	Emergency Response - Fire
Sheriff (7)					
Sheriff's Office:					
6,077	7,734	9,564	7,665	*	Traffic summonses issued
1,811	1,184	1,955	1,532	*	Misdemeanor arrests
937	504	986	673	*	Felony arrests
14,412	13,528	16,065	17,032	*	Civil papers served
24,099	23,997	24,839	24,866	*	Calls for service
2,532	2,497	3,986	3,898	*	Animal control calls for service
Joint communications					
141,730	144,256	144,712	146,111	*	Telephone calls processed
914,143	962,493	1,001,636	967,744	*	Dispatch actions performed
111,563	118,344	126,864	118,019	*	Calls for service
Public works					
Environmental services - convenience sites					
19,368	19,653	19,476	19,304	*	Trash - tons
2,878	3,039	3,005	3,080	*	Recycled materials - tons (3)
578,393	585,793	584,522	581,980	*	Resident visits
General services					
8,500	8,210	8,300	8,300	*	Facility work orders completed
817	915	930	996	*	Fleet vehicles/small engines
Square Footage that Services are Provided for					
Comprehensive Maintenance Plan Work Order Projects					
2,000	2,610	2,500	2,570	*	Preventive maintenance schedule
Health and welfare					
Children's Services Act (CSA)					
51	28	21	26	*	Congregate care
75	78	59	62	*	Foster care - therapeutic, specialized, regular
196	194	198	198	*	Community based services
52	50	40	37	*	Special Education Day Placements
10	8	17	27	*	SPED Wraps
Social services					
68	79	89	93	*	Adoption assistance
141	115	122	180	*	Long term care screenings

Table 15

Operating Indicators by Function
Last Ten Fiscal Years

Function	Fiscal Year				
	2011	2012	2013	2014	2015
Parks, recreation, and cultural					
Library					
Materials cataloged/processed	13,642	16,443	11,562	11,981	11,014
Periodicals cataloged/processed	3,423	3,514	3,455	3,336	3,387
Library patron visits	255,009	265,770	264,436	261,090	266,496
Parks and recreation					
Park attendance	714,352	791,948	729,807	667,485	789,325
Shelter rentals	283	334	336	357	343
Education					
Per pupil expenditures	11,284	11,014	11,746	11,920	12,173
High school completion rate	91%	93%	96%	97%	95%
SAT scores (10)	1,533	1,537	1,532	1,549	1,546
Federal subsidized meals program	21.6%	24.9%	23.4%	24.8%	24.3%
Community development					
Tourism e-newsletter distribution	8,260	15,296	22,640	39,578	44,217
Rezoning/comp plans	8	7	4	12	8
Preliminary/final subdivisions	12	3	5	20	2
Building permits issued	881	1,021	1,493	1,583	1,544
Building plans reviewed	1,225	1,103	1,288	1,446	1,312
Land disturbing permits issued	114	82	109	111	230
Marketing response to website (6)	168,446	169,088	191,150	217,750	225,588
Other funds					
Environmental services					
Residents using the landfill	3,714	2,615	2,581	1,877	1,630
Total tons recycled	20,274	21,980	24,470	25,240	17,011
Solid waste - tons to the landfill	53,454	52,245	52,749	52,588	47,957
Solid waste - tons to the transfer station (4)	-	-	-	-	-
Recycling rate	39%	44%	43%	43%	40%
Fleet maintenance					
Internal service fund county users	46	42	40	42	46
Internal service fund non-county users	26	12	12	12	12
Total vehicles serviced	5,016	5,908	5,471	6,000	6,031

- (1) Operating indicators for the current year-end will not be available until the publication of the subsequent year's budget. Therefore, FY2020 information is not available.
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- (4) Transfer station operations began in FY2016.
- (5) As of FY2016, County Attorney revised reporting categories.
- (6) As of FY2017, Information Technology utilized a new method of website tracking.
- (7) As of FY2017, the Sheriff's Office utilized a new method for reporting categories.
- (8) As of FY2019, Information Technology utilized a new method of tracking website visitors.
- (9) As of FY2018, Juvenile Detention utilized a new method of tracking.
- (10) As of FY2017, the structure of the SAT test and scoring methodology changed.

Sources: Fauquier County Adopted Budgets; Fauquier County Departments; Fauquier County School Board Superintendent's Annual Reports

* Unavailable

Fiscal Year					
2016	2017	2018	2019	2020 (1)	
					Parks, recreation, and cultural
					Library
11,892	13,090	11,325	10,039	*	Materials cataloged/processed
3,208	3,154	2,982	2,825	*	Periodicals cataloged/processed
259,773	253,182	237,201	218,062	*	Library patron visits
					Parks and recreation
850,526	894,230	783,884	987,052	*	Park attendance
356	369	356	357	*	Shelter rentals
					Education
12,097	12,141	12,394	13,342	*	Per pupil expenditures
97%	97%	97%	96%	*	High school completion rate
1,561	1,125	1,092	1,101	*	SAT scores (10)
24.5%	24.7%	26.6%	26.9%	*	Federal subsidized meals program
					Community development
50,407	54,400	57,120	16,150	*	Tourism e-newsletter distribution
70	9	12	10	*	Rezoning/comp plans
1	1	-	3	*	Preliminary/final subdivisions
1,458	1,782	2,110	2,046	*	Building permits issued
1,490	1,898	1,594	1,361	*	Building plans reviewed
281	390	402	258	*	Land disturbing permits issued
232,355	48,720	33,326	39,725	*	Marketing response to website (6)
					Other funds
					Environmental services
1,705	1,757	3,108	5,057	*	Residents using the landfill
15,756	19,942	19,921	10,617	*	Total tons recycled
5,821	7,994	10,931	1,309	*	Solid waste - tons to the landfill
44,962	43,635	44,643	50,759	*	Solid waste - tons to the transfer station (4)
43%	41%	39%	36%	*	Recycling rate
					Fleet maintenance
46	45	46	58	*	Internal service fund county users
15	13	15	8	*	Internal service fund non-county users
6,500	6,073	6,500	6,442	*	Total vehicles serviced

COUNTY OF FAUQUIER, VIRGINIA

Table 16

Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
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	10	10	10	10
Public works (1)										
Active vehicles	287	263	270	277	454	494	362	386	413	426
County owned buildings	57	57	57	57	57	57	64	66	69	71
Sq. ft. in buildings	396,744	396,744	396,744	396,744	455,883	540,986	422,325	436,067	456,244	467,913
Parks, recreation, and cultural										
Libraries	3	3	3	3	3	3	3	3	3	3
Volumes	214,029	208,313	208,691	210,698	210,356	210,933	207,989	210,181	204,321	198,473
Parks and recreation facilities	35	35	35	35	35	36	35	38	40	40
Land acres	885	899	932	932	886	890	892	909	1,109	1,085
Water acres	116	116	110	110	115	115	115	116	116	115
Trails (miles)	14	14	14	20	20	20	20	25	26	26
Fields	63	63	58	58	57	57	57	57	57	58
Boats	35	58	35	36	34	34	34	40	42	42
Shelters	19	19	21	21	19	19	18	19	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	6,176	6,176	6,176	6,176	6,176	6,176	6,176
Middle schools										
Buildings	5	5	5	5	5	5	5	5	5	5
Sq. ft. in buildings	514,110	514,110	514,110	514,110	514,110	514,110	514,110	514,110	514,110	514,110
Capacity	3,183	3,183	3,183	3,045	3,194	3,194	3,194	3,194	3,194	3,194
High schools										
Buildings	3	3	3	3	3	3	3	3	3	3
Sq. ft. in buildings	742,272	742,272	817,163	834,710	848,210	848,210	848,210	848,210	848,210	848,210
Capacity	4,500	4,500	4,554	4,342	4,342	4,342	4,342	4,364	4,364	4,364
Alternative schools										
Buildings	1	1	1	1	1	1	1	1	1	1
Sq. ft. in buildings	17,547	19,563	19,563	19,563	19,563	19,563	19,563	19,563	19,563	19,563
Capacity	191	191	191	191	191	220	220	220	220	220
Number of school buses	184	178	181	182	170	179	179	173	159	163
Airport										
Miles of runways	0.96	0.96	0.96	0.96	0.95	0.95	0.95	0.95	0.95	0.95
Number of hangars	10	10	10	11	11	11	11	11	11	11

Sources: Fauquier County Administration; Fauquier County Fleet Operations; Fauquier County Parks & Recreation; Fauquier County General Services; Fauquier County Department of Fire, Rescue and Emergency Management; Fauquier County Public Schools

(1) The County implemented a new methodology for better calculating public works statistical data in FY2017.



**Independent Auditors' Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Fauquier, Virginia, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the County of Fauquier, Virginia's basic financial statements, and have issued our report thereon dated December 4, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County of Fauquier, Virginia's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County of Fauquier, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of the County of Fauquier, Virginia's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Fauquier, Virginia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Robinson, Farmer, Cox Associates

Fredericksburg, Virginia
December 4, 2020



**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, 2020. 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, 2020.

Report on Internal Control over Compliance

Management of the County of Fauquier, Virginia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County of Fauquier, Virginia's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County of Fauquier, Virginia's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Robinson, Farmer, Cox Associates

Fredericksburg, Virginia
December 4, 2020

COUNTY OF FAUQUIER, VIRGINIA

Schedule of Expenditures of Federal Awards
Primary Government and Discretely Presented Component Unit
For the Period Ended June 30, 2020

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:					
Passed through the Commonwealth of Virginia:					
<u>Department of Social Services</u>					
SNAP Cluster:					
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	10120,40120	692,718	-	
Total SNAP Cluster			692,718	-	
Total Department of Agriculture					692,718
DEPARTMENT OF HEALTH AND HUMAN SERVICES:					
Direct payments:					
COVID-19 - Provider Relief Fund (PFR)	93.498	Not Applicable	59,546	-	
Passed through the Commonwealth of Virginia:					
<u>Department of Social Services:</u>					
MaryLee Allen Promoting Safe and Stable Families	93.556	950119	25,219	-	
Temporary Assistance for Needy Families	93.558	400120	247,330	-	
			247,330	-	
Refugee and Entrant Assistance State/ Replacement Designee Administered Programs	93.566	500120	237	-	
Low-Income Home Energy Assistance	93.568	600420	37,562	-	
CCDF Cluster:					
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	760120	48,877	-	
Total CCDF Cluster			48,877	-	
Chafee Education and Training Vouchers Program (ETV)	93.599	9160118	364	-	
Stephanie Tubbs Jones Child Welfare Services Program	93.645	900119	334	-	
Foster Care-Title IV-E	93.658	1100120	557,638	-	
Adoption Assistance	93.659	1120120	710,721	-	
Adoption and Legal Guardianship Incentive Payments	93.603	1130117	1,646	-	
Social Services Block Grant	93.667	1000120	242,478	-	
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150019	4,104	-	
Children's Health Insurance Program	93.767	540120	12,161	-	
Medicaid Cluster:					
Medical Assistance Program	93.778	1200120	725,527	-	
Total Medicaid Cluster			725,527	-	
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	93.671	CVS-19-057-A-14	136,222	-	
Total Department of Health and Human Services					2,809,966
DEPARTMENT OF HOMELAND SECURITY:					
Direct payments:					
Staffing Adequate Fire and Emergency Response (SAFER)	97.083	Not Applicable	777,268	-	
Passed through the Commonwealth of Virginia:					
<u>Department of Emergency Services:</u>					
Emergency Management Performance Grants	97.042	EMP-2019-EP-00006	17,725	-	
Total Department of Homeland Security					794,993
DEPARTMENT OF JUSTICE:					
Direct payments:					
State Criminal Alien Assistance Program	16.606	Not Applicable	17,721	-	
Bulletproof Vest Partnership Program	16.607	Not Applicable	1,143	-	
Passed through the Commonwealth of Virginia:					
<u>Department of Criminal Justice Services</u>					
Crime Victim Assistance	16.575	20-A3423VP18	204,440	-	
Juvenile Justice and Delinquency Prevention	16.540	20-D3406JJ16	2,528	-	
Edward Byrne Memorial Justice Assistance Grant Program	16.738	20-J1217L017	959	-	
Total Department of Justice					226,791
DEPARTMENT OF TRANSPORTATION:					
Direct payments:					
Airport Improvement Program	20.106	Not Applicable	2,360,394	-	
Passed through the Commonwealth of Virginia:					
<u>Department of Transportation:</u>					
Highway Planning and Construction Cluster:					
Highway Planning and Construction	20.205	103577	386,275	-	
Total Highway and Planning Cluster			386,275	-	
<u>Department of Motor Vehicles:</u>					
Highway Safety Cluster:					
State and Community Highway Safety	20.600	FSC-2020-50407-20407	7,316	-	
State and Community Highway Safety	20.600	FSC-2019-59142-9142	2,682	-	
Total 20.600			9,998	-	
Total Highway Safety Cluster			9,998	-	
Alcohol Open Container Requirements	20.607	154AL-2020-50404-20404	7,200	-	
Alcohol Open Container Requirements	20.607	154AL-2019-59139-9139	1,440	-	
Total 20.607			8,640	-	
Total Department of Transportation					2,765,307

COUNTY OF FAUQUIER, VIRGINIA

Schedule of Expenditures of Federal Awards
Primary Government and Discretely Presented Component Unit
For the Period Ended June 30, 2020

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	\$ 4,092	\$ -	\$ -
Passed through the Commonwealth of Virginia:					
<u>Department of Accounts</u>					
COVID-19 - Coronavirus Relief Fund (CRF)	21.019	SLT0022	2,281,372	77,300	-
Total Department of the Treasury				77,300	2,285,464
Total Expenditures of Federal Awards - Primary Government					9,575,239
Component Unit - School Board:					
DEPARTMENT OF AGRICULTURE:					
Child Nutrition Cluster:					
<u>Department of Education:</u>					
School Breakfast Program	10.553	APE40253	341,635	-	-
COVID-19 - School Breakfast Program	10.553	Not Available	149,070	-	-
Total 10.553			490,705	-	-
National School Lunch Program	10.555	APE40254	1,097,566	-	-
COVID-19 - National School Lunch Program	10.555	Not Available	275,235	-	-
<u>Department of Agriculture and Consumer Services:</u>					
National School Lunch Program - Commodities	10.555	Not Available	274,555	-	-
Total 10.555			1,647,356	-	-
Total National School Lunch Program			1,647,356	-	-
Total Child Nutrition Cluster			2,138,061	-	-
Total Department of Agriculture					2,138,061
DEPARTMENT OF DEFENSE:					
Direct Payments:					
Junior ROTC Program	12.000	Not Applicable	70,105	-	-
Passed through the University of Maryland:					
Language Grant Program	12.900	Not Available	81,734	-	-
Total Department of Defense					151,839
DEPARTMENT OF EDUCATION:					
Passed through the Commonwealth of Virginia:					
<u>Department of Education:</u>					
Title I Grants to Local Educational Agencies	84.010	APE42901	911,886	-	-
COVID-19 - Education Stabilization Fund	84.425	Not Available	3,724	-	-
Special Education Cluster (IDEA):					
Special Education Grants to States	84.027	APE43071, APE61110, APE62135	2,677,032	-	-
Special Education Preschool Grants	84.173	APE62521	58,633	-	-
Total Special Education Cluster (IDEA)			2,735,665	-	-
Career and Technical Education -- Basic Grants to States	84.048	APE60031, APE61095	121,258	-	-
Twenty-First Century Community Learning Centers	84.287	APE60565	24,966	-	-
English Language Acquisition State Grants	84.365	APE60512	65,976	-	-
Supporting Effective Instruction State Grant	84.367	APE61480	\$ 236,834	\$ -	-
Total Department of Education					4,100,309
Total Expenditures of Federal Awards - Component Unit - School Board					6,390,209
Total Expenditures of Federal Awards - Reporting Entity					\$ 15,965,448

COUNTY OF FAUQUIER, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards
Fiscal Year Ended June 30, 2020

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, 2020. 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	\$	3,705,950
Capital Projects Fund		386,275
Debt Service Fund		401,488
Fire and Rescue Fund		794,993
Coronavirus, Aid, Relief, and Economic Security (CARES) Fund		2,340,918
Airport Fund		2,360,394
Total primary government		9,990,018

Component Unit – School Board:

School General Fund		4,252,148
School Nutrition Fund		2,138,062
Total component unit school board		6,390,210
Total federal revenues per basic financial statements		16,380,228

Reconcile Federal revenues to expenditures

Less: Payments in Lieu of Taxes	(2,400)
Less: Federal Tax Credit Subsidy on QSCB Bond	(401,488)
Less: Memo of Understanding with Homeland Security Investigations	(10,892)

Total reconciling items	(414,780)
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Total expenditures reimbursed by federal revenues	15,965,448
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Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ 15,965,448
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COUNTY OF FAUQUIER, VIRGINIA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2020

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiency(ies) identified? No

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiency(ies) identified? None reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with
2 CFR Section 200.516(a)? No

Identification of major programs:

CFDA #	Name of Federal Program or Cluster
21.019	COVID-19 - Coronavirus Relief Fund (CRF)
84.027/84.173	Special Education Cluster

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.