

In the opinion of Bond Counsel, under current law and subject to conditions described in the section "TAX MATTERS," interest on the Series 2024 Bonds (as defined herein) (a) is not included in gross income for federal income tax purposes, (b) is not an item of tax preference for purposes of the federal alternative minimum tax, (c) is taken into account in determining adjusted financial statement income for applicable corporations (as defined in Section 59(k) of the Code) for the alternative minimum tax imposed on such corporations; and (d) is exempt from income taxation by the Commonwealth of Virginia. A holder may be subject to other federal tax consequences as described in the section "TAX MATTERS."

ECONOMIC DEVELOPMENT AUTHORITY OF FAUQUIER COUNTY, VIRGINIA

**\$45,100,000
Public Facility Revenue Bonds
(Fauquier County Projects)
Series 2024**

Dated: Date of Issuance

Due: August 15, as shown on the inside cover

This Official Statement has been prepared by the County of Fauquier, Virginia (the "County"), on behalf of the Economic Development Authority of Fauquier County, Virginia (the "Authority"), to provide information on its \$45,100,000 Public Facility Revenue Bonds (Fauquier County Projects), Series 2024 (the "Series 2024 Bonds"), the security therefor, the County, the use of the proceeds of the Series 2024 Bonds and other relevant information. Selected information is presented on this cover page for the convenience of the user. To make an informed decision regarding the Series 2024 Bonds, a prospective investor should read this Official Statement in its entirety.

Security **THE SERIES 2024 BONDS WILL BE LIMITED OBLIGATIONS OF THE AUTHORITY, PAYABLE SOLELY FROM CERTAIN PAYMENTS TO BE MADE BY THE COUNTY PURSUANT TO A FINANCING AGREEMENT DATED AS OF SEPTEMBER 1, 2024 (THE "FINANCING AGREEMENT"), BETWEEN THE COUNTY AND THE AUTHORITY, AND FROM CERTAIN FUNDS AND THE INVESTMENT INCOME THEREFROM HELD BY THE TRUSTEE. THE UNDERTAKING BY THE COUNTY TO MAKE PAYMENTS UNDER THE FINANCING AGREEMENT WILL BE SUBJECT TO APPROPRIATIONS BY THE COUNTY BOARD OF SUPERVISORS FROM TIME TO TIME OF SUFFICIENT FUNDS FOR SUCH PURPOSE. NEITHER THE SERIES 2024 BONDS NOR THE FINANCING AGREEMENT CONSTITUTES A DEBT OF THE COUNTY OR A PLEDGE OF THE FAITH AND CREDIT OR TAXING POWER OF THE COUNTY. THE SERIES 2024 BONDS AND THE PREMIUM, IF ANY, AND INTEREST THEREON SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR A PLEDGE OF THE FAITH AND CREDIT OF THE COMMONWEALTH OF VIRGINIA OR ANY OF ITS POLITICAL SUBDIVISIONS, INCLUDING THE AUTHORITY AND THE COUNTY. NEITHER THE COMMONWEALTH OF VIRGINIA NOR ANY OF ITS POLITICAL SUBDIVISIONS, INCLUDING THE AUTHORITY AND THE COUNTY, SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF AND PREMIUM, IF ANY, AND INTEREST ON THE SERIES 2024 BONDS OR OTHER COSTS INCIDENT TO THEM EXCEPT FROM THE REVENUES AND RECEIPTS PLEDGED FOR SUCH PURPOSE. THE AUTHORITY HAS NO TAXING POWER.**

Issued Pursuant To The Series 2024 Bonds will be issued pursuant to an Agreement of Trust dated as of September 1, 2024, as supplemented by a First Supplemental Agreement of Trust dated as of September 1, 2024, between the Authority and U.S. Bank Trust Company, National Association, as Trustee.

Trustee U.S. Bank Trust Company, National Association.

Purpose The proceeds of the Series 2024 Bonds will be used, together with other available funds, to (a) finance a portion of the 2024 Projects (as defined herein) and (b) pay the related costs of issuance.

Interest Payment Dates February 15 and August 15, commencing February 15, 2025.

Regular Record Dates February 1 and August 1.

Redemption The Series 2024 Bonds are subject to redemption as set forth herein.

Denominations \$5,000 and integral multiples thereof.

Closing/Delivery Date On or about September 18, 2024.

Registration Full book-entry only; The Depository Trust Company, New York, New York

Bond Counsel Hunton Andrews Kurth LLP, Richmond, Virginia

County Attorney Tracy A. Gallehr, Esquire

Authority Counsel Tracy A. Gallehr, Esquire

Dated: August 29, 2024

ECONOMIC DEVELOPMENT AUTHORITY OF FAUQUIER COUNTY, VIRGINIA

\$45,100,000
PUBLIC FACILITY REVENUE BONDS
(FAUQUIER COUNTY PROJECTS),
SERIES 2024

Maturity (August 15)	Principal Amount	Interest Rate	Yield	CUSIP** 312065
2025	\$ 370,000	5.000%	2.650%	AA3
2026	1,370,000	5.000	2.600	AB1
2027	1,435,000	5.000	2.590	AC9
2028	1,510,000	5.000	2.590	AD7
2029	1,590,000	5.000	2.570	AE5
2030	1,675,000	5.000	2.620	AF2
2031	1,755,000	5.000	2.700	AG0
2032	1,845,000	5.000	2.780	AH8
2033	1,935,000	5.000	2.800	AJ4
2034	2,040,000	5.000	2.840	AK1
2035	2,145,000	5.000	2.930*	AL9
2036	2,250,000	5.000	3.020*	AM7
2037	2,370,000	5.000	3.080*	AN5
2038	2,490,000	5.000	3.130*	AP0
2039	2,615,000	5.000	3.220*	AQ8
2040	2,750,000	5.000	3.310*	AR6
2041	2,890,000	5.000	3.410*	AS4
2042	3,045,000	5.000	3.480*	AT2
2043	3,200,000	5.000	3.550*	AU9
2044	3,340,000	4.000	4.000	AV7
2045	2,480,000	4.000	4.050	AW5

* Yield reflects Series 2024 Bonds priced to first optional call date of August 15, 2034.

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The Series 2024 Bonds will be exempt from registration under the Securities Act of 1933, as amended. As obligations of a political subdivision of the Commonwealth of Virginia, the Series 2024 Bonds will also be exempt from registration under the securities laws of Virginia.

No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representation should not be relied upon as having been authorized by the Authority or the County. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor will there be any sale of the Series 2024 Bonds by any person in any state in which it is unlawful for such person to make such offer, solicitation or sale.

All quotations from and summaries and explanations of provisions of law and documents herein do not purport to be complete, and reference is made to such laws and documents for full and complete statements of their provisions. Any statements made in this Official Statement involving estimates or matters of opinion, whether or not expressly so stated, are intended merely as estimates or opinion and not as representations of fact. This Official Statement speaks as of its date except where specifically noted otherwise and is subject to change without notice. Neither the delivery of this Official Statement, any sale made hereunder, nor any filing of this Official Statement shall under any circumstances create an implication that there has been no change in the affairs of the County or the Authority since the date of this Official Statement or imply that any information herein is accurate or complete as of any later date.

The Trustee has neither reviewed nor participated in the preparation of this Official Statement.

This Official Statement contains statements that, to the extent they are not recitations of historical fact, constitute “forward-looking statements.” In this respect, the words, “estimate”, “project”, “anticipate”, “expect”, “intend”, “believe” and similar expressions are intended to identify forward-looking statements. A number of important factors affecting the County’s operations and financial results could cause actual results to differ materially from those stated in the forward-looking statements.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader’s convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in, SEC Rule 15c2-12.

In making an investment decision, investors must rely on their own examination of the terms of the offering, including the merits and risks involved. These securities have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary is a criminal offense.

Certain persons participating in this offering may engage in transactions that stabilize, maintain or otherwise affect the price of the Series 2024 Bonds, including transactions to (a) overalloc in arranging the sales of the Series 2024 Bonds and (b) make purchases and sales of the Series 2024 Bonds, for long or short account, on a when-issued basis or otherwise, at such prices, in such amounts and in such manner as the underwriter may determine.

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OFFICIAL STATEMENT

ECONOMIC DEVELOPMENT AUTHORITY OF FAUQUIER COUNTY, VIRGINIA

\$45,100,000
Public Facility Revenue Bonds
(Fauquier County Projects)
Series 2024

SECTION ONE: INTRODUCTION

The purpose of this Official Statement, which includes the cover page and appendices hereto, is to provide information in connection with the issuance by the Economic Development Authority of Fauquier County, Virginia (the “Authority”), a political subdivision of the Commonwealth of Virginia (the “Commonwealth”), of its \$45,100,000 Public Facility Revenue Bonds (Fauquier County Projects), Series 2024 (the “Series 2024 Bonds”). The following introductory material is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement, reference to which is hereby made for all purposes. Certain capitalized terms used in this Official Statement are defined in Appendix A - “Definitions of Certain Terms.”

The Issuer

The issuer of the Series 2024 Bonds is the Economic Development Authority of Fauquier County, Virginia, a political subdivision of the Commonwealth of Virginia.

The Series 2024 Bonds

The County plans to use the proceeds of the Series 2024 Bonds, together with other available funds, to (a) finance the Series 2024 Project (as defined herein), and (b) pay the related costs of issuance.

The Series 2024 Bonds will be issued in accordance with the Industrial Development and Revenue Bond Act, Chapter 49, Title 15.2, Code of Virginia of 1950, as amended (the “Act”), and pursuant to an Agreement of Trust dated as of September 1, 2024 (the “Master Agreement of Trust”), as supplemented by a First Supplemental Agreement of Trust dated as of September 1, 2024 (the “First Supplemental Trust Agreement” and, together with the Master Agreement of Trust, the “Trust Agreement”), between the Authority and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”). Pursuant to the terms of the Trust Agreement, the Authority has determined to issue from time to time revenue bonds or notes and use the proceeds thereof to finance and refinance certain “authority facilities” (as defined in the Act) and economic development initiatives, as requested by the County of Fauquier, Virginia (the “County”).

The Authority and the County have entered into a Financing Agreement dated as of September 1, 2024 (the “Financing Agreement”), pursuant to which the County has requested the Authority to finance or refinance projects from time to time with the proceeds of Series 2024 Bonds issued under the Trust Agreement, and the County has agreed, subject to appropriation by the Board of Supervisors of the County (the “County Board”), to support such request by paying to or on behalf of the Authority amounts sufficient to pay the principal of and premium, if any, and interest due on the Series 2024 Bonds (the “Basic Payments”) and other amounts due under the Financing Agreement (the “Additional Payments”).

The Series 2024 Bonds and the premium, if any, and interest thereon will be limited obligations of the Authority payable solely from the revenues and receipts derived by the Authority under the Financing Agreement, which revenues and receipts have been pledged and assigned to secure payment thereof, and from certain funds established under the Trust Agreement. The Series 2024 Bonds and the premium, if any, and interest thereon shall not be deemed to constitute a debt or a pledge of the faith and credit of the Commonwealth or any political subdivision thereof, including the Authority and the County. Neither the Commonwealth nor any political subdivision thereof, including the Authority and the County, shall be obligated to pay the principal of or premium, if any, or interest on the Series 2024 Bonds or other costs incident thereto except from the revenues and receipts pledged and assigned therefor, and neither the faith and credit nor the taxing power of the Commonwealth or any political subdivision thereof, including the Authority and the County, is pledged to

the payment of the principal of or premium, if any, or interest on the Series 2024 Bonds or other costs incident thereto.

More complete descriptions of the Trust Agreement and the Financing Agreement are provided in Appendix B - “Summary of the Financing Documents.”

Redemption

Optional Redemption. The Series 2024 Bonds maturing on and prior to August 15, 2034, will not be subject to optional redemption. The Series 2024 Bonds maturing on and after August 15, 2035, will be subject to redemption prior to maturity, at the option of the Authority upon the direction of the County, at any time on or after August 15, 2034, in whole or in part (in integral multiples of \$5,000), upon payment of 100% of the principal amount to be redeemed, plus interest accrued to the date fixed for redemption.

A more complete description of the optional redemption features is provided in the subsection “Redemption” in Section Two.

Delivery

The Series 2024 Bonds are offered for delivery when, as and if issued, subject to the approval of validity by Hunton Andrews Kurth LLP, Richmond, Virginia, Bond Counsel, and to certain other exceptions referred to herein. Certain legal matters will be passed upon for the County and the Authority by the County Attorney, Tracy A. Gallehr, Esquire.

Ratings

The Series 2024 Bonds have been rated as shown on the cover page hereto by Fitch Ratings, One State Street Plaza, New York, New York 10004, Moody’s Investors Service, Inc., 7 World Trade Center, 250 Greenwich Street, New York, New York 10007, and S&P Global Ratings, 55 Water Street, New York, New York 10041. A more complete description of each rating is provided in the section “RATINGS” in Section Three.

Financial Advisor

Davenport & Company LLC, Richmond, Virginia, is employed as Financial Advisor to the County in connection with the issuance of the Series 2024 Bonds. The Financial Advisor’s fee for services rendered with respect to the sale of the Series 2024 Bonds is contingent upon the issuance and delivery of the Series 2024 Bonds.

Continuing Disclosure

For purposes of Rule 15c2-12 (the “Rule”) promulgated by the Securities and Exchange Commission (“SEC”), the County is the only obligated person with respect to the Series 2024 Bonds. The County has agreed to execute a Continuing Disclosure Agreement at closing to assist the underwriter in complying with the provisions of the Rule as in effect on the date hereof, by providing annual financial information and certain event notices required by the Rule. *See “CONTINUING DISCLOSURE” in Section Three.*

Additional Information

Any questions concerning the content of this Official Statement should be directed to Mallory Stribling, Deputy County Administrator (540-422-8001), or the County’s Financial Advisor, Davenport & Company LLC (804-697-2900).

SECTION TWO: THE SERIES 2024 BONDS

THE AUTHORITY

The Authority is a political subdivision of the Commonwealth of Virginia created pursuant to the Act. The Act empowers the Authority to acquire, construct, lease, remodel, renovate and equip any public building or other facility used for public purposes, to undertake economic development initiatives, and to finance or refinance the costs of such facilities and initiatives. The County Board has requested the Authority to undertake the Series 2024 Project.

The Authority is not obligated to pay the principal of or premium, if any, or interest on the Series 2024 Bonds or other costs incident thereto except from amounts received therefor under the Financing Agreement. ***The Authority has no taxing power.***

THE SERIES 2024 BONDS

General

The Series 2024 Bonds will be dated the date of issuance, will bear interest from their date, payable semiannually on each February 15 and August 15, beginning February 15, 2025, at the rates, and will mature on August 15 in the years and amounts as set forth on the inside cover of this Official Statement. If such interest payment date is not a Business Day, such payment will be made on the next succeeding Business Day with the same effect as if made on the interest payment date and no additional interest will accrue. Interest on the Series 2024 Bonds will be payable by check or draft mailed to the registered owner at his address as it appears on the registration books kept by the Trustee as of the February 1 and August 1 preceding each respective payment date.

The Series 2024 Bonds will be issued as fully registered bonds, in denominations of \$5,000 or integral multiples thereof, initially in book-entry form only in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). Individual purchases of beneficial ownership in the Series 2024 Bonds will be made in principal amounts of \$5,000 and multiples of \$5,000. Individual purchasers of beneficial ownership in the Series 2024 Bonds (the "Beneficial Owners") will not receive physical delivery of bond certificates. So long as the Series 2024 Bonds are in book-entry form, transfer of the Series 2024 Bonds and payment of principal of and premium, if any, and interest on the Series 2024 Bonds will be effected as described below in Appendix G - "Book-Entry Only System." If the book-entry system is discontinued, bond certificates will be delivered as described in the Trust Agreement, and Beneficial Owners will become registered owners of the Series 2024 Bonds. Registered owners of the Series 2024 Bonds, whether Cede & Co. or, if the book-entry system is discontinued, the Beneficial Owners, will be defined in this Official Statement as the "Bondholders." **So long as Cede & Co. is the sole Bondholder, as nominee for DTC, reference in this Official Statement to Bondholders means Cede & Co. and does not mean the Beneficial Owners. See Appendix G - "Book-Entry Only System."**

The Series 2024 Bonds will be limited obligations of the Authority as described more fully in the section "SECURITY AND SOURCES OF PAYMENT FOR THE Series 2024 Bonds."

Redemption

Optional Redemption. The Series 2024 Bonds maturing on and prior to August 15, 2034, will not be subject to optional redemption. The Series 2024 Bonds maturing on and after August 15, 2035, will be subject to redemption prior to maturity, at the option of the Authority upon the direction of the County, at any time on or after August 15, 2034, in whole or in part (in integral multiples of \$5,000), upon payment of 100% of the principal amount to be redeemed, plus interest accrued to the date fixed for redemption.

Notice of Redemption

Notice of redemption will be given by the Trustee by facsimile transmission or other electronic means, registered or certified mail, overnight express delivery or such other means acceptable to the Bondholders not less than 30 nor more than 60 days before the date fixed for redemption to DTC, or, if DTC is no longer serving as securities depository for the Series 2024 Bonds, to the substitute securities depository, or, if none, to the respective registered owner of each Series 2024 Bond to be redeemed at the address shown on the registration books maintained by the

Trustee. This notice of redemption will also be given to certain securities depositories and certain national information services which disseminate redemption notices. During the period that DTC or its nominee is the registered owner of the Series 2024 Bonds, the Trustee will not be responsible for mailing notices of redemption to the Beneficial Owners.

In the case of an optional redemption, the notice of redemption may state that (1) it is conditioned upon the deposit of moneys, in an amount equal to the amount necessary to effect the redemption, with the Trustee no later than the date fixed for redemption or (2) the Authority, as directed by the County, retains the right to rescind such notice of redemption on or prior to the date fixed for redemption (in either case, a “Conditional Redemption”), and such notice of redemption and optional redemption will be of no effect if such moneys are not so deposited or if the notice of redemption is rescinded as described herein. Any Conditional Redemption pursuant to clause (2) above may be rescinded at any time prior to the date fixed for redemption if the Authority delivers a written direction to the Trustee directing the Trustee to rescind the notice of redemption, and any funds deposited with the Trustee in connection with such rescinded redemption will be returned to the County. The Trustee will give prompt notice of such rescission to the affected Bondholders. Any Series 2024 Bonds subject to Conditional Redemption where redemption has been rescinded will remain outstanding, and the rescission will not constitute an Event of Default. Further, in the case of a Conditional Redemption, the failure of the Authority to make funds available on or before the date fixed for redemption will not constitute an Event of Default, and the Trustee will give prompt notice to all organizations registered with the SEC as securities depositories or the affected Bondholders that the redemption did not occur and that the Series 2024 Bonds called for redemption and not so paid remain outstanding.

Manner of Redemption

If less than all of the Series 2024 Bonds are called for optional redemption, the maturities of such Bonds (or portions thereof) to be redeemed shall be selected by the County. If less than all of a maturity of Series 2024 Bonds are called for redemption, the specific Bonds within such maturity to be redeemed shall be selected by the Securities Depository or any successor securities depository pursuant to its rules and procedures or, if the book-entry system is discontinued, shall be selected by the Trustee by lot in such manner as the Trustee in its discretion may determine. The portion of any Series 2024 Bond to be redeemed shall be in the principal amount of \$5,000 or some integral multiple thereof. In selecting Series 2024 Bonds for redemption, each Series 2024 Bond shall be considered as representing that number of Series 2024 Bonds that is obtained by dividing the principal amount of such Series 2024 Bond by \$5,000. If a portion of a Series 2024 Bond shall be called for redemption, a new Series 2024 Bond in principal amount equal to the unredeemed portion thereof shall be issued to the registered owner upon the surrender thereof.

Effect of Redemption

On the date on which any Series 2024 Bonds have been called for redemption and sufficient funds for their payment on such date are held by the Trustee, interest on such Series 2024 Bonds will cease to accrue and their registered owners will be entitled to receive payment only from the Trustee from funds available for that purpose.

Plan of Financing of the Series 2024 Project

The County expects to use a portion of the Series 2024 Bond proceeds to (1) finance or reimburse the costs to acquire, construct, improve and/or equip governmental facilities for the benefit of the County and its citizens, including (without limitation) the Central Sports Complex, Opal Water System, Taylor Middle School (Tranche 1) and other projects authorized in the County’s capital improvement plan (collectively, the “Series 2024 Project”), and (2) pay the related costs of issuance.

Essentiality of the Series 2024 Project to the County

The County Board has determined that the components of the Series 2024 Project are either essential to the efficient operation of the County or important to the welfare or quality of life of County residents. On June 13, 2024, the County Board adopted a resolution approving the issuance of the Series 2024 Bonds to finance the acquisition, construction and equipping of the Series 2024 Project and expressing its intent to appropriate sufficient funds for such purposes and to recommend to future County Boards to do likewise.

Estimated Sources and Uses of Funds

The proceeds received from the sale of the Series 2024 Bonds are expected to be applied as follows:

Estimated Sources of Funds

Par Amount of Bonds	\$45,100,000.00
Net Original Issue Premium	5,402,296.85
Total Sources	<u>\$50,502,296.85</u>

Estimated Uses of Funds

Deposit to Series 2024 Project Account	\$49,823,101.00
Costs of Issuance (including underwriting compensation)	679,195.85
Total Uses	<u>\$50,502,296.85</u>

Estimated Debt Service Requirements

The following table shows for each fiscal year, amounts required for payment of principal (either at maturity or upon mandatory sinking fund redemption) of and interest on the Series 2024 Bonds.

<u>Series 2024 Bonds</u>			
Fiscal Year	Principal	Interest	Total Debt Service
2025	-	\$ 897,027	\$ 897,027
2026	\$ 370,000	2,187,550	2,557,550
2027	1,370,000	2,144,050	3,514,050
2028	1,435,000	2,073,925	3,508,925
2029	1,510,000	2,000,300	3,510,300
2030	1,590,000	1,922,800	3,512,800
2031	1,675,000	1,841,175	3,516,175
2032	1,755,000	1,755,425	3,510,425
2033	1,845,000	1,665,425	3,510,425
2034	1,935,000	1,570,925	3,505,925
2035	2,040,000	1,471,550	3,511,550
2036	2,145,000	1,366,925	3,511,925
2037	2,250,000	1,257,050	3,507,050
2038	2,370,000	1,141,550	3,511,550
2039	2,490,000	1,020,050	3,510,050
2040	2,615,000	892,425	3,507,425
2041	2,750,000	758,300	3,508,300
2042	2,890,000	617,300	3,507,300
2043	3,045,000	468,925	3,513,925
2044	3,200,000	312,800	3,512,800
2045	3,340,000	166,000	3,506,000
2046	2,480,000	49,600	2,529,600
	<u>\$45,100,000</u>	<u>\$27,581,077</u>	<u>\$72,681,077</u>

Notes: Indicates gross debt service requirements. Actual debt service payments may be less depending on earnings received on the investment of moneys on deposit in other funds under the Trust Agreement and transferred to the Bond Fund.

Totals may not foot due to rounding.

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024 BONDS

The following is a summary of the sources of security and sources of payment for the Series 2024 Bonds. The references to the Series 2024 Bonds, the Trust Agreement, the Financing Agreement and the various funds and accounts are qualified in their entirety by reference to such documents and the provisions relating to such funds and accounts contained in the Trust Agreement.

Security for the Series 2024 Bonds

The Series 2024 Bonds will be equally and ratably secured by (1) payments made by the County (consisting of Basic Payments and certain Additional Payments) under the Financing Agreement, which payments will be assigned by the Authority to the Trustee and will be applied to the payment of principal of, premium, if any, and interest on the Bonds as set forth in the Trust Agreement, without preference, priority or distinction of any Bond over any other Bond, and (2) certain funds established under the Trust Agreement and the investment income therefrom. The Series 2024 Bonds are equally and ratably secured under the Trust Agreement with any Additional Bonds that may hereafter be issued under terms set forth in the Trust Agreement; provided that any lease agreement or financing lease relating to a particular Series of Bonds will secure only the Bonds of such Series (unless otherwise provided in a Supplemental Trust Agreement), moneys in any account or subaccount of the Bond Fund relating to a particular Series of Bonds will secure only the Bonds of such Series, moneys in any account or subaccount of the Project Fund relating to a particular Series of Bonds will secure only the Bonds of such Series, and, unless otherwise provided in the Supplemental Agreement, moneys in any account or subaccount of the Debt Service Reserve Fund relating to a particular Series of Bonds will secure only the Bonds of such Series (including any Additional Bonds issued to refund such Bonds).

The Series 2024 Bonds and the premium, if any, and interest thereon will be limited obligations of the Authority payable solely from the revenues and receipts derived by the Authority under the Financing Agreement, which revenues and receipts have been pledged and assigned to secure payment thereof, and from certain funds established under the Trust Agreement and the investment income therefrom. The undertaking by the County to make payments under the Financing Agreement is subject to appropriation from time to time by the County Board. The County Board has no legal obligation to make any such appropriations. See “BONDHOLDERS’ RISKS” in Section Three.

The Series 2024 Bonds and the premium, if any, and interest thereon will not be deemed to constitute a debt or a pledge of the faith and credit of the Commonwealth or any political subdivision thereof, including the Authority and the County. Neither the Commonwealth nor any political subdivision thereof, including the Authority and the County, will be obligated to pay the principal of or premium, if any, or interest on the Series 2024 Bonds or other costs incident thereto except from the revenues and receipts pledged and assigned therefor, and neither the faith and credit nor the taxing power of the Commonwealth or any political subdivision thereof, including the Authority and the County, is pledged to the payment of the principal of or premium, if any, or interest on the Series 2024 Bonds or other costs incident thereto. The Authority has no taxing power.

Financing Agreement

The Authority is issuing the Series 2024 Bonds for the purpose of providing funds to finance the costs of the Series 2024 Project and to pay the costs of issuing the Series 2024 Bonds. The Financing Agreement provides for the County to make payments on behalf of the Authority that will be sufficient to pay the principal of and premium, if any, and interest on the Bonds (currently consisting only of the Series 2024 Bonds) as the same shall become due in accordance with their terms and provisions and the terms of the Trust Agreement. The undertaking by the County to make payments under the Financing Agreement will constitute a current expense of the County, subject to appropriation by the County Board from time to time of sufficient funds for such purpose. The County will not be liable for any such payments due under the Financing Agreement unless and until funds have been appropriated by the County Board for payment and then only to the extent of such appropriation.

The Financing Agreement provides for the County to pay to the Trustee, as assignee of the Authority, Basic Payments in amounts calculated to be sufficient to pay principal of and interest when due on the Series 2024 Bonds and any Additional Bonds issued under the Trust Agreement. Basic Payments will be due on or before each February 1 and August 1 prior to the respective principal or interest payment date on the Series 2024 Bonds and any Additional Bonds. The Financing Agreement also provides for the County to pay certain Additional Payments, including any redemption premium that may be payable on the Series 2024 Bonds and any Additional Bonds.

Other provisions of the Financing Agreement are summarized in Appendix B - "Summary of the Financing Documents."

The undertaking by the County to make payments under the Financing Agreement constitutes neither a debt of the County within the meaning of any constitutional or statutory limitation nor a liability of or a lien or charge upon funds or property of the County beyond any Fiscal Year for which the County Board has appropriated moneys to make such payments. Neither the Trustee nor the Authority shall have any obligation or liability to the holders of the Series 2024 Bonds with respect to the County's undertaking to make payments under the Financing Agreement or with respect to the performance by the County of any other covenant contained therein.

Debt Service Reserve Fund; No Account Established for the Series 2024 Bonds

The Trust Agreement establishes a Debt Service Reserve Fund to be held by the Trustee. In connection with the issuance of the Series 2024 Bonds, no proceeds or other monies will be used to fund the Debt Service Reserve Fund or any Series Account therein to secure the Series 2024 Bonds.

Bond Fund

Under the Trust Agreement, the Authority pledges to the Trustee all right, title and interest to the Financing Agreement, including the Basic Payments and Additional Payments made by the County, but excluding certain rights to receive payment of the Authority's fees and expenses and to receive notices thereunder. Such payments under the Financing Agreement, along with funds on deposit in the Bond Fund, are pledged to the payment of principal of and premium, if any, and interest on the Bonds.

The Trust Agreement provides that the Trustee will deposit in the Bond Fund all Basic Payments received by the Trustee from the County under the Financing Agreement, together with any amounts transferred from the Series 2024 Project Account. From the amounts received by the Trustee from the County, the Trustee will deposit in the subaccount of the Interest Account an amount equal to the interest due and payable on the next interest payment date for the Series 2024 Bonds and will deposit in the subaccount established for the Series 2024 Bonds in the Principal Account an amount equal to the principal due and payable on the next principal payment date for the Series 2024 Bonds. If a redemption premium is payable on the Series 2024 Bonds, the Trustee will deposit in the subaccount of the Premium Account of the Bond Fund that portion of an Additional Payment representing the amount of the redemption premium due. *For additional information concerning the Bond Fund, see Appendix B - "Summary of the Financing Documents – THE TRUST AGREEMENT."*

Project Fund

The Trust Agreement establishes within the Project Fund a Series 2024 Project Account (the "Series 2024 Project Account") into which the Trustee will deposit portions of the proceeds of the Series 2024 Bonds. The Trustee will use money in the Series 2024 Project Account solely (a) to finance the Series 2024 Project and (b) to pay costs of issuing the Series 2024 Bonds. The Trustee will disburse funds on deposit in the Series 2024 Project Account upon receipt of requisitions signed on behalf of the County providing required information with respect to the use of the amounts being requisitioned. *For additional information concerning the Project Fund, see Appendix B - "Summary of the Financing Documents – THE TRUST AGREEMENT."*

Additional Bonds

The Authority may issue from time to time Additional Bonds secured on an equal and ratable basis with the Series 2024 Bonds (a) to finance or refinance the Cost of a Project, (b) to refund any Bonds previously issued or (c) for a combination of such purposes. Any such Additional Bonds will be issued under the terms provided by the related Supplemental Trust Agreement. The Financing Agreement will be amended to modify the scheduled amount of Basic Payments to provide for a sufficient amount to pay principal of and interest on such Additional Bonds and all other Bonds then Outstanding.

SECTION THREE: MISCELLANEOUS

FAUQUIER COUNTY

The County is located in the north-central Piedmont region of Virginia, approximately 40 miles southwest of Washington, D.C., and approximately 95 miles northwest of Richmond, Virginia. The County encompasses a land area of approximately 660 square miles. Adjacent to the County are the Counties of Prince William, Stafford, Culpeper, Warren, Rappahannock, Clarke and Loudoun. Interstate Highway 66 runs east-west through the northern portion of the County and serves as a primary connector to Washington, D.C. U.S. Route 17 runs north-south through the whole of the County and serves as a primary connector between Interstate Highways 81 and 95. In addition, five U.S. primary routes and two state primary routes also transverse the County. As of July 1, 2023, the population of the County was estimated at 73,536.

The County seat is located in the Town of Warrenton in central Fauquier County. In addition to Warrenton, two other incorporated towns (Remington and The Plains) are located within the County.

The County was formed as an independent County in 1759 and is organized under the traditional (modified) Board of Supervisors/County Administrator form of government as defined under Virginia law. The Board of Supervisors, which establishes policies for the administration of the County, is the governing body of the County. The residents of each of the County's five magisterial districts elect one member of the Board to serve a term of four years. The Chair and Vice Chair of the Board are selected annually by the members of the Board.

Appendix C contains additional financial and demographic information concerning the County. The County's audited financial statements for the Fiscal Year ended June 30, 2023, are contained in Appendix D. The County's outside auditor has not been engaged to perform, and has not performed, since the date of its report included herein any procedures on the financial statements addressed in that report or the financial information contained in this Official Statement.

BONDHOLDERS' RISKS

The purchase of the Series 2024 Bonds involves a degree of risk; therefore, prospective purchasers of the Series 2024 Bonds should review this Official Statement in its entirety in order to identify risk factors and make an informed investment decision. A number of factors, including those set forth below, may affect the County's ability or willingness to make timely payments sufficient for the Trustee to pay debt service on the Series 2024 Bonds:

(1) **Source of Payments.** The Series 2024 Bonds are not general obligations of the Authority or the County but are payable only from revenues received by the Trustee on behalf of the Authority from payments made by the County under the Financing Agreement and other moneys held by the Trustee and pledged to the payment of the Series 2024 Bonds. The ability of the Authority to make timely payments of principal and premium, if any, and interest on the Series 2024 Bonds depends solely on the ability of the County to make timely payments under the Financing Agreement. **No other collateral security has been established for the Series 2024 Bonds.** The undertaking by the County to make payments under the Financing Agreement is subject to and dependent upon amounts being lawfully appropriated from time to time by the County Board for such purpose. The undertaking by the County to make payments under the Financing Agreement is neither a debt of the County within the meaning of any constitutional or statutory limitation nor a pledge of the faith and credit or the taxing power of the County. **The County Board is not legally obligated to appropriate the funds necessary to meet the County's financial undertaking pursuant to the Financing Agreement.**

(2) Non-Appropriation and Limited Remedies. The County Administrator or other officer charged with the responsibility for preparing the County's annual budget is required to include in the proposed County budget for each Fiscal Year as a single appropriation the scheduled amount of all Basic Payments and the estimated amount of Additional Payments coming due during such Fiscal Year. If any adopted annual budget does not include an appropriation of funds sufficient to pay both scheduled Basic Payments and estimated Additional Payments coming due for the relevant Fiscal Year, the County Administrator will request the County Board to take a roll call vote immediately after adoption of such annual budget acknowledging the impact of its failure to appropriate such funds. If, by 15 days after the beginning of the Fiscal Year, the County Board has not appropriated funds for the payment of both scheduled Basic Payments and estimated Additional Payments coming due for the then current Fiscal Year, the County Administrator or other officer charged with the responsibility for preparing the County's annual budget is required to give written notice to the County Board of the consequences of such failure to appropriate and to request the County Board to consider a supplemental appropriation for such purposes.

In the event of non-appropriation of funds by the County Board, neither the County nor the Authority may be held liable for the principal of and premium, if any, and interest payments on the Series 2024 Bonds following the last Fiscal Year in which funds to make payment under the Financing Agreement were appropriated by the County Board. In the event of non-appropriation, moneys already on deposit in the Bond Fund will be used for the payment of principal of and premium, if any, and interest payments on all Bonds then Outstanding, but such moneys may not be sufficient to pay the Series 2024 Bonds in full.

Upon an Event of Default under the Trust Agreement, the Trustee has no right to accelerate the payment of the Series 2024 Bonds by declaring the entire principal of and interest on the Series 2024 Bonds to be due and payable. Similarly, upon an Event of Default under the Financing Agreement, the Authority has no right to accelerate the payment of Basic Payments by declaring the Basic Payments to be due and payable.

(3) Political Risk. The current members of the County Board have evidenced in the adopted Bond Resolution a present intent to make future appropriations of such funds as may be necessary to make payments due under the Financing Agreement as and when such payments become due. There can be no guarantee, however, that the County Board will retain its current constituency in the future, and there can be no guarantee that future members of the County Board will continue the current County Board's policy with respect to the Series 2024 Bonds.

(4) Limitation on Enforceability of Remedies. The realization of any rights upon a default will depend upon the exercise of various remedies specified in the Trust Agreement and the Financing Agreement. Any attempt by the Trustee to enforce such remedies may require judicial action, which is often subject to discretion and delay. Under current law, certain of the legal and equitable remedies specified in the Trust Agreement and the Financing Agreement may not be readily available or may not be enforced to the extent such remedy may contravene public policy.

(5) Project Cost Overruns. As a result of any change orders with respect to design and material costs of the Series 2024 Project, the total expenditures actually incurred by the County may exceed the amount of available Series 2024 Bond proceeds. Any such additional costs of acquiring, constructing and equipping the Series 2024 Project are not expected to materially impact the County's ability to complete the Series 2024 Project.

(6) Taxation of Interest on the Series 2024 Bonds. The opinion of Bond Counsel as described in the section "TAX MATTERS" will state that, under the conditions set forth therein, interest on the Series 2024 Bonds is not included in gross income for federal income tax purposes. Bond Counsel's opinion represents its legal judgment based in part upon the representations and covenants referenced therein and its review of current law, but is neither a guarantee of a result nor binding on the Internal Revenue Service (the "IRS") or the courts.

RATINGS

Fitch Ratings ("Fitch"), One State Street Plaza, New York, New York 10004, has assigned a rating of "AA+" to the Series 2024 Bonds; Moody's Investors Service, Inc. ("Moody's"), 7 World Trade Center, 250 Greenwich Street, New York, New York, has assigned a rating of "Aa1" to the Series 2024 Bonds; and S&P Global Ratings, a division of the McGraw-Hill Companies, Inc. ("S&P"), 55 Water Street, New York, New York, has assigned a rating of "AA+" to the Series 2024 Bonds. Such ratings reflect only the respective views of such rating agencies.

The Authority and the County furnished to such rating agencies the information contained in this Official Statement and certain publicly available materials and information about the Authority and the County. Generally, rating agencies base their ratings on such materials and information, as well as their own investigations, studies and assumptions. There is no assurance that a rating will continue for any given period of time or that such rating will not be revised, suspended or withdrawn if, in the judgment of the applicable rating agency, circumstances so warrant. A revision, suspension or withdrawal of a rating may have an adverse effect on the market price of the Series 2024 Bonds.

Due to the ongoing uncertainty regarding the economy of the United States of America and the political uncertainty regarding the debt limit of the United States, obligations issued by state and local governments, such as the Series 2024 Bonds, could be subject to a rating downgrade. Additionally, if a significant default or other financial crisis should occur in the affairs of the United States or of any of its agencies or political subdivisions, then such event could also adversely affect the market for and ratings, liquidity and market value of outstanding debt obligations issued by state and local governments, including the Series 2024 Bonds.

BONDS ELIGIBLE FOR INVESTMENT AND SECURITY FOR PUBLIC DEPOSITS

The Act provides that bonds issued pursuant thereto shall be legal and authorized investments for banks, savings banks, trust companies, building and loan associations, insurance companies, fiduciaries, trustees and guardians and for all public funds of the Commonwealth or other political corporations or subdivisions of the Commonwealth. No representation is made as to the eligibility of the Series 2024 Bonds for investment or any other purchase under any law of any other state. The Act also provides that bonds, such as the Series 2024 Bonds, issued pursuant thereto may properly and legally be deposited with and received by any state or municipal officer or any agency or political subdivision of the Commonwealth for any purpose for which the deposit of bonds or obligations of the Commonwealth is now or may hereafter be authorized by law.

LITIGATION

To the knowledge of the Authority and the County, there is no litigation of any kind now pending or threatened to restrain or enjoin the issuance or delivery of the Series 2024 Bonds, in any manner questioning the proceedings and authority under which the Series 2024 Bonds are being issued, or affecting the power and authority of the Authority, the County or the County Board to execute or perform their obligations under the Financing Agreement or the Trust Agreement or to make payments due under the Financing Agreement. In addition, to the knowledge of the County, there is no litigation presently pending or threatened against the County that, in the event of an unfavorable decision, would have a material adverse effect upon the financial condition of the County.

LEGAL MATTERS

Certain legal matters relating to the authorization and validity of the Series 2024 Bonds will be subject to the approving opinion of Hunton Andrews Kurth LLP, Richmond, Virginia, Bond Counsel, which will be furnished at the expense of the County upon delivery of the Series 2024 Bonds, in substantially the form set forth as Appendix E (the "Bond Opinion"). The Bond Opinion will be limited to matters relating to the authorization and validity of the Series 2024 Bonds and to the tax status of interest thereon as described in the section "TAX MATTERS." The Bond Opinion will make no statement as to the financial resources of the County or the Authority or their ability to provide for payment of the Series 2024 Bonds or as to the accuracy or completeness of this Official Statement or any other information that may have been relied on by anyone in making the decision to purchase Bonds.

Certain legal matters will be passed upon for the Authority and the County by Tracy A. Gallehr, Esquire, County Attorney.

TAX MATTERS

Opinion of Bond Counsel. In the opinion of Bond Counsel, under current law, interest, including any accrued original issue discount (“OID”), on the Series 2024 Bonds (a) is not included in gross income for federal income tax purposes, (b) is not an item of tax preference for purposes of the federal alternative minimum tax, (c) is taken into account in determining adjusted financial statement income for applicable corporations (as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended, and applicable regulations thereunder (the “Code”)) for the alternative minimum tax imposed on such corporations, and (d) is exempt from income taxation by the Commonwealth. Except as discussed below regarding OID, no other opinion is expressed by Bond Counsel regarding the tax consequences of the ownership of or the receipt or accrual of interest on the Series 2024 Bonds.

Bond Counsel’s opinion is given in reliance upon certifications by representatives of the Authority and the County as to certain facts relevant to both the opinion and requirements of the Code, and is subject to the condition that there is compliance subsequent to the issuance of the Series 2024 Bonds with all requirements of the Code that must be satisfied in order for interest thereon to remain excludable from gross income for federal income tax purposes. The Authority and the County have covenanted to comply with the current provisions of the Code regarding, among other matters, the use, expenditure and investment of the proceeds of the Series 2024 Bonds and the timely payment to the United States of any arbitrage rebate amounts with respect to the Series 2024 Bonds. Failure by the Authority or the County to comply with such covenants, among other things, could cause interest, including any accrued OID, on the Series 2024 Bonds to be included in gross income for federal income tax purposes retroactively to their date of issue. The Authority and the County may in their discretion, but have not covenanted to, take any and all such actions as may be required by future changes in the Code and applicable regulations in order that interest on the Series 2024 Bonds remain excludable from gross income for federal income tax purposes.

Bond Counsel’s opinion represents its legal judgment based in part upon the representations and covenants referenced therein and its review of current law, but is neither a guarantee of a result nor binding on the IRS or the courts. Bond Counsel assumes no duty to update or supplement its opinion to reflect any facts or circumstances that may come to Bond Counsel’s attention after the date of its opinion or to reflect any changes in law or the interpretation thereof that may occur or become effective after such date.

Customary practice in the giving of legal opinions includes not detailing in the opinion all of the assumptions, conditions, limitations and exclusions that are part of the conclusions therein. See “*Statement on the Role of Customary Practice in the Preparation and Understanding of Third-Party Legal Opinions*,” 63 *Bus. Law.* 1277 (2008), and “*Legal Opinion Principles*,” 53 *Bus. Law.* 831 (May 1998), updated by “*Statement of Opinion Practices*,” 74 *Bus. Law.* 801, 807 (2019). Purchasers of the Series 2024 Bonds should seek the advice of counsel concerning such matters as they deem prudent in connection with their purchase of Series 2024 Bonds.

Alternative Minimum Tax

Individuals – Bond Counsel’s opinion states that under current law interest on the Series 2024 Bonds is not an item of preference and is not subject to the alternative minimum tax on individuals.

Applicable Corporations – Bond Counsel’s opinion also states that under current law interest on the Series 2024 Bonds is taken into account in determining adjusted financial statement income for applicable corporations (as defined in Section 59(k) of the Code) for the alternative minimum tax imposed on such corporations. Under current law, an “applicable corporation” generally is a corporation with average annual adjusted financial statement income for a three-taxable-year period ending after December 31, 2021, that exceeds \$1 billion.

Original Issue Discount. The initial public offering prices of each maturity of the Series 2024 Bonds maturing in the year 2045 (the “OID Bonds”) will be less than their stated principal amount. In the opinion of Bond Counsel, under current law, the difference between the stated principal amount and the initial offering price of each maturity of the OID Bonds to the public (excluding bond houses and brokers) at which a substantial amount of such maturity of such Series 2024 Bonds is sold will constitute OID. The offering prices set forth on the inside cover of this Official Statement for the OID Bonds are expected to be the initial offering prices to the public at which a substantial amount of each maturity of such Series 2024 Bonds will be sold.

Under the Code, for purposes of determining the holder's adjusted basis in an OID Bond, OID treated as having accrued while the holder holds such Series 2024 Bond will be added to the holder's basis. OID will accrue on a constant yield-to-maturity method. The adjusted basis will be used to determine taxable gain or loss upon the sale or other disposition (including redemption or payment at maturity) of an OID Bond.

Prospective purchasers of the OID Bonds should consult their own tax advisors with respect to the calculation of accrued OID and the state and local tax consequences of owning or disposing of such Series 2024 Bonds.

Original Issue Premium. Series 2024 Bonds purchased, whether upon issuance or otherwise, for an amount (excluding any amount attributable to accrued interest) in excess of their principal amount will be treated for federal income tax purposes as having amortizable bond premium. A holder's basis in such a Series 2024 Bond must be reduced by the amount of premium that accrues while such Series 2024 Bond is held by the holder. No deduction for such amount will be allowed, but it generally will offset interest on the Series 2024 Bonds while so held. Purchasers of such Series 2024 Bonds should consult their own tax advisors as to the calculation, accrual and treatment of amortizable bond premium and the state and local tax consequences of holding such Series 2024 Bonds.

Other Tax Matters. In addition to the matters addressed above, prospective purchasers of the Series 2024 Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, S corporations, foreign corporations subject to the branch profits tax, recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Series 2024 Bonds should consult their tax advisors as to the applicability and impact of such consequences.

The IRS has a program to audit state and local government obligations to determine whether the interest thereon is includable in gross income for federal income tax purposes. If the IRS does audit the Series 2024 Bonds, under current IRS procedures, the IRS will treat the Authority as the taxpayer, and the owners of the Series 2024 Bonds will have only limited rights, if any, to participate.

Prospective purchasers of the Series 2024 Bonds should consult their own tax advisors as to the status of interest on the Series 2024 Bonds under the tax laws of any state other than the Commonwealth.

There are many events that could affect the value, liquidity and/or marketability of the Series 2024 Bonds after their issuance, including but not limited to public knowledge of an audit of the Series 2024 Bonds by the IRS, a general change in interest rates for comparable securities, a change in federal or state income tax rates, legislative or regulatory proposals affecting state and local government securities and changes in judicial interpretation of current law. In addition, certain tax considerations relevant to owners of Series 2024 Bonds who purchase Series 2024 Bonds after their issuance may be different from those relevant to purchasers upon issuance. Neither the opinion of Bond Counsel nor this Official Statement purports to address the likelihood or effect of any such potential events or such other tax considerations, and purchasers of the Series 2024 Bonds should seek advice concerning such matters as they deem prudent in connection with their purchase of Series 2024 Bonds.

FINANCIAL ADVISOR

Davenport & Company LLC, Richmond, Virginia, serves as financial advisor to the County and has no underwriting responsibility to the Authority or the County with respect to this transaction. As financial advisor, Davenport & Company LLC has advised the County in matters relating to the planning, structuring and issuance of the Series 2024 Bonds, assisted the County with the preparation of this Official Statement and provided to the County other advice with respect to the issuance and sale of the Series 2024 Bonds. The financial advisor's fee will be paid from legally available funds of the County. Although the Financial Advisor has assisted in the preparation of the Official Statement, the Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement.

SALE AT COMPETITIVE BIDDING

After competitive bidding on August 29, 2024, the Series 2024 Bonds were awarded to Wells Fargo Bank, National Association (the “Underwriter”). The Underwriter has supplied the information as to the public offering yields on the Series 2024 Bonds set forth on the inside cover page hereof. If all of the Series 2024 Bonds are resold to the public at such public offering yields, the Underwriter has informed the City that it anticipates total underwriting compensation of \$227,834.47 (0.505176% of the principal amount). The Underwriter may change the public offering prices or yields from time to time.

CONTINUING DISCLOSURE

To permit compliance by the underwriter with the continuing disclosure requirements of the Rule, the County will execute a Continuing Disclosure Agreement (the “CDA”) at closing agreeing to provide certain annual financial information and material event notices required by the Rule. Such information will be filed through the Electronic Municipal Market Access System maintained by the Municipal Securities Rulemaking Board and may be accessed through the Internet at emma.msrb.org. As described in Appendix F, the CDA requires the County to provide only limited information at specific times, and the information provided may not be all the information necessary to value the Series 2024 Bonds at any particular time. The County may from time to time disclose certain information and data in addition to that required by the CDA. If the County chooses to provide any additional information, the County will have no obligation to continue to update such information or to include it in any future disclosure filing.

Failure by the County to comply with the CDA is not an event of default under the Series 2024 Bonds or the Bond Resolution. The sole remedy for a default under the CDA is to bring an action for specific performance of the County’s covenants hereunder, and no assurance can be provided as to the outcome of any such proceeding.

Prior Compliance*

The County represents that, in the five previous years, it has not failed to comply in any material respect with any previous continuing disclosure undertakings pursuant to the Rule, except as follows: the County was 15 days’ late filing its annual financial information for the fiscal year ended June 30, 2020, filing the information on March 12, 2021, instead of on or before February 25, 2021.

[Remainder of page intentionally left blank.]

* This paragraph has been added since the Authority’s Preliminary Official Statement dated August 22, 2024.

MISCELLANEOUS

Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not representations of fact. No representation is made that any of the estimates will be realized. Neither this Official Statement nor any statement that may have been made verbally or in writing is to be construed as a contract with the holders of the Series 2024 Bonds.

The attached Appendices are an integral part of this Official Statement and must be read together with the balance of this Official Statement.

The execution of this Official Statement has been duly authorized by the Authority and duly approved by the County. The Authority and the County have deemed this Official Statement “final” as of its date within the meaning of the Rule.

ECONOMIC DEVELOPMENT AUTHORITY OF FAUQUIER COUNTY, VIRGINIA

By /s/ Kevin P. Kelley
Kevin P. Kelley, Chair

Approved:

COUNTY OF FAUQUIER, VIRGINIA

By: /s/ Janelle Downes
Janelle Downes, County Administrator

APPENDIX A

DEFINITIONS OF CERTAIN TERMS

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DEFINITIONS OF CERTAIN TERMS

“2024 Bonds” means the Authority’s Public Facility Revenue Bonds (Fauquier County Projects), Series 2024.

“Account” means any of the various accounts created within a Fund under the Trust Agreement.

“Act” or “IDA Act” means the Industrial Development and Revenue Bond Act, Chapter 49, Title 15.2, Code of Virginia of 1950, as amended.

“Additional Payments” means payments (other than Basic Payments) made by the County pursuant to the Financing Agreement.

“Authorized Authority Representative” means any officer of the Authority.

“Authorized County Representative” means the County Administrator and such other person or persons as may be designated to act on behalf of the County by a certificate executed by the County Administrator and filed with the Trustee.

“Basic Payments” means the payments payable by the County under the Financing Agreement which payments are calculated to correspond in amount to the scheduled payments of principal and interest due on the Bonds.

“Bond” or “Bonds” means, collectively, the 2024 Bonds and any additional bonds, notes or other obligations, including any notes or other obligations issued in anticipation of bonds, notes, or other obligations as the same shall be issued from time to time pursuant to the Master Trust Agreement.

“Bond Counsel” means an attorney or a firm of attorneys nationally recognized on the subject of municipal bonds and reasonably acceptable to the Trustee.

“Bond Fund” means the Bond Fund established in the Master Trust Agreement.

“Bond Payment Date” means the date on which any payment of principal of (whether at maturity or pursuant to mandatory sinking fund redemption) or interest on the Bonds is scheduled to become due and payable.

“Business Day” means a day on which banking business is transacted, but not including Saturday, Sunday or legal holiday, or any day which banking institutions are authorized by law to close in the city in which the Trustee has its designated corporate trust office.

“Code” means the Internal Revenue Code of 1986, as amended, including applicable regulations, rulings and revenue procedures promulgated or applicable thereunder.

“Fiscal Year” means the twelve-month period beginning on July 1 of one year end and ending on June 30 of the following year, or such other twelve-month period as the County may select as its fiscal year.

“Fund” means the Bond Fund, the Debt Service Reserve Fund, the Project Fund or any other fund established under the Trust Agreement.

“Government Certificates” means certificates representing proportionate ownership of Government Obligations, which Government Obligations are held by a bank or trust company organized under the laws of the United States of America or any of its states in the capacity of custodian of such certificates.

“Government Obligations” means (a) bonds, notes and other direct obligations of the United States of America, (b) securities unconditionally guaranteed as to the timely payment of principal, if applicable, and interest by the United States of America or (c) bonds, notes and other obligations issued or guaranteed as to the timely payment of principal and interest by the Rural Utilities Service (certificates of beneficial ownership), Federal Housing Administration (debentures), General Services Administration (participation certificates), U.S. Maritime Administration (guaranteed Title XI financing), U.S. Department of Housing and Urban Development (project notes and local authority bonds), provided such obligations are backed by the full faith and credit of the United States of

America. Stripped securities are permitted only if stripped by the agency itself. Government Obligations may be held directly by the Trustee or in the form of securities of any open-end or closed-end management type investment company or investment trust registered under the Investment Company Act of 1940, provided that the portfolio of such investment company or investment trust is limited to Government Obligations.

“Interest Account” means the Interest Account in the Bond Fund established in the Master Trust Agreement.

“Master Trust Agreement” means the Agreement of Trust dated as of September 1, 2024, between the Authority and U.S. Bank Trust Company, National Association, as trustee.

“Opinion of Counsel” means an opinion of any attorney or firm of attorneys reasonably acceptable to the Trustee, who may be counsel for the Authority, the County or the Trustee but who shall not be a full-time employee of the Authority, the County or the Trustee.

“Outstanding” means, when used as descriptive of Bonds, that such Bonds have been authorized, issued, authenticated and delivered under the Master Trust Agreement and have not been canceled or surrendered to the Trustee for cancellation, deemed to have been paid as provided in Master Trust Agreement, had other Bonds issued in exchange therefor or had their principal become due and moneys sufficient for their payment deposited with the Trustee as provided in the Master Trust Agreement.

In determining whether holders of a requisite aggregate principal amount of the Outstanding Bonds have concurred in any request, demand, authorization, direction, notice, consent or waiver under the Master Trust Agreement, words referring to or connoting “principal of” or “principal amount of” Outstanding Bonds shall be deemed also to be references to, to connote and to include the accreted value of Bonds of any Series as of the immediately preceding interest compounding date for such Bonds. Bonds that are owned by the County shall be disregarded and deemed not to be Outstanding for the purpose of any such determination.

“Premium Account” means the Premium Account in the Bond Fund established in the Master Trust Agreement.

“Principal Account” means the Principal Account in the Bond Fund established in the Master Trust Agreement.

“Project” or “Projects” means, individually or collectively, the 2024 Project (described earlier in the Official Statement) and any other project undertaken by the Authority, with the County’s consent, from time to time and identified in a Supplemental Financing Agreement, including without limitation, the financing or refinancing of the acquisition, construction, improvement or equipping of infrastructure, public facilities and other improvements and facilities permitted to be undertaken pursuant to the provisions of the Act, including any extensions, additions, replacements, equipment and appurtenances to or for the benefit of such public facilities, and the undertaking of certain economic development initiatives.

“Project Fund” means the Project Fund established in the Master Trust Agreement.

“Series” or “Series of Bonds” means a separate series of Bonds issued under the Master Trust Agreement and a Supplemental Trust Agreement. The **“2024 Bonds”** is the first Series of Bonds issued under the Master Trust Agreement.

“Series Debt Service Reserve Account” means any of the Series Debt Service Reserve Accounts in the Debt Service Reserve Fund established under the Master Trust Agreement pursuant to a Supplemental Trust Agreement. No Series Debt Service Reserve Account will be established for the 2024 Bonds.

“Series Debt Service Reserve Requirement” for any Series of Bonds shall have the meaning set forth in the Supplemental Trust Agreement authorizing such Series of Bonds. There is no Series Debt Service Reserve Requirement for the 2024 Bonds.

“Subaccount” means any of the various subaccounts created within an Account under the Trust Agreement.

“Supplemental Trust Agreement” means any agreement that supplements, amends or modifies the provisions of the Master Trust Agreement entered into by the Authority and the Trustee pursuant to the provisions of the Master Trust Agreement, including, but not limited to, the First Supplemental Trust Agreement.

“Supplemental Financing Agreement” means any agreement that supplements, amends or modifies the provisions of the Financing Agreement entered into by the Authority and the County pursuant to the provisions of the Master Trust Agreement.

“Term Bonds” means any Bonds stated to mature on a specified date and required to be redeemed in part prior to maturity according to a sinking fund schedule.

“Virginia Code” means the Code of Virginia of 1950, as amended.

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APPENDIX B

SUMMARY OF THE FINANCING DOCUMENTS

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SUMMARY OF THE FINANCING DOCUMENTS

Brief summaries of the Trust Agreement and the Financing Agreement are included in this Appendix B. The summaries do not purport to be comprehensive or definitive and are qualified by references to such documents in their entirety. Unless otherwise indicated, all capitalized terms used in this summary have the meanings set forth in the Official Statement or in Appendix A.

THE TRUST AGREEMENT

Establishment of Funds and Accounts. The following Funds and Accounts are established and utilized under the Trust Agreement:

- (1) Project Fund, in which there is established the Series 2024 Project Account;
- (2) Bond Fund, in which there are established a separate Interest Account, Principal Account and Premium Account and a separate Subaccount in each such Account with respect to each Series of Bonds; and
- (3) Debt Service Reserve Fund, in which there may be established a Series Debt Service Reserve Account for a particular Series. No such Series Account will be established for the 2024 Bonds.

The Trust Agreement provides that separate Accounts and Subaccounts will be established for each applicable Series of Bonds issued under the Trust Agreement.

Series 2024 Project Account. The Trustee will use money in the Series 2024 Project Account to finance the 2024 Project and to pay the related costs of issuing the 2024 Bonds. The Trustee will make payments from the Series 2024 Project Account upon receipt of requisitions signed on behalf of the County providing required information with respect to the use of the amounts being requisitioned. Any balance remaining in the Series 2024 Project Account after payment of the costs of the 2024 Project will be used to pay principal of and interest on the 2024 Bonds, to purchase 2024 Bonds in the open market to the extent approved by Bond Counsel, or to pay all or any portion of the costs of any other Project designated by the County and approved by Bond Counsel.

Bond Fund. The Trustee will deposit in the Bond Fund installments of all Basic Payments received by the Trustee from the County, together with other amounts transferred from the Project Fund or the Debt Service Reserve Fund (if funded) pursuant to the Financing Agreement or the Trust Agreement and any other payments transferred to the Authority or its assignee as directed by the County. The Trustee will deposit each installment (1) to the Subaccount established for each Series of Bonds in the Interest Account, an amount equal to the interest due and payable on the next Bond Payment Date for such Bonds, and (2) to the Subaccount established for each Series of Bonds in the Principal Account, an amount equal to the principal due and payable on the next Bond Payment Date for such Bonds, whether at maturity or mandatory sinking fund, extraordinary or optional redemption. The Trustee will deposit in the Subaccount established for each Series of Bonds in the Premium Account any moneys received by the Trustee from the County to pay any premium due in connection with redeeming such Bonds pursuant to any optional or extraordinary redemption exercised by the Authority, at the direction of the County. The Trustee shall use such moneys to pay the applicable premium due on such Bonds in accordance with the redemption provisions for such Bonds.

The Trustee will withdraw from the respective Subaccounts within the Interest Account and the Principal Account, on each Bond Payment Date, amounts equal to the amounts of interest and principal, if any, due with respect to the Bonds on such Bond Payment Date, and will cause the same to be applied to the payment of interest and principal, respectively, if any, due on such Bond Payment Date. If such Bond Payment Date is not a Business Day, such payment shall be made on the next succeeding Business Day with the same effect as if made on the day such payment was due and no additional interest shall accrue thereon.

In the event there are insufficient moneys in the Interest Account or the Principal Account on any Bond Payment Date to pay interest and principal due on such Bond Payment Date, the Trustee will transfer any excess amounts on deposit in the Interest Account or the Principal Account, as applicable, to the other Account in which there

are insufficient moneys, being mindful of the provisos in the section ***“Parity of Bonds”*** below. The Trustee will pay from the Bond Fund when due the principal of and premium, if any, and interest on the Bonds then Outstanding and will redeem or purchase Bonds in accordance with the redemption provisions of the Bonds and the Trust Agreement.

The Trustee will provide for redemption of any Term Bonds from amounts upon deposit in the Bond Fund in accordance with the schedule(s) set forth in the Supplemental Trust Agreement for such Bonds; provided, however, that on or before the 70th day next preceding any such sinking fund payment date, the Authority may:

(x) deliver to the Trustee for cancellation Term Bonds required to be redeemed on such sinking fund payment date in any aggregate principal amount desired; or

(y) instruct the Trustee to apply a credit against the Authority’s next sinking fund redemption obligation for any such Term Bonds that previously have been redeemed (other than through the operation of sinking fund payments) and canceled but not theretofore applied as a credit against any sinking fund redemption obligation.

Upon the occurrence of any of the events described in subsections (x) or (y) above, the Trustee will credit against the Authority’s sinking fund redemption obligation on the next sinking fund payment date the amount of such Term Bonds so delivered or previously redeemed. Any principal amount of such Term Bonds in excess of the principal amount required to be redeemed on such sinking fund payment date will be similarly credited in such order as may be determined by the Authority against future payments to the Principal Account and will similarly reduce the principal amount of the Term Bonds of the applicable Series to be redeemed on the applicable sinking fund payment date.

Debt Service Reserve Fund. The Master Trust Agreement provides for the establishment of a Debt Service Reserve Fund and, if funded, a separate Series Debt Service Reserve Account for the particular Series of Bonds. No Series Debt Service Reserve Account will be established for the 2024 Bonds.

Pledge of Payments and Funds. All payments received by the Trustee under the Trust Agreement (except certain payments to the Trustee for its fees and expenses) and all moneys in the Project Fund, the Bond Fund and the Debt Service Reserve Fund (if funded) are pledged equally and ratably to the payment of the principal of and interest on all Bonds, subject only to the right of the Authority to apply them to other purposes as provided in the Trust Agreement. The lien and trust created by the Trust Agreement are for the benefit of the Bondholders and for their additional security until all the Bonds have been paid; *provided* that moneys in any Account or Subaccount of the Bond Fund relating to a particular Series of Bonds will secure only such Bonds, moneys in any Account or Subaccount of the Project Fund relating to a particular Series of Bonds will secure only such Bonds, and moneys in any Account or Subaccount of the Debt Service Reserve Fund relating to a particular Series of Bonds will secure only such Bonds (unless otherwise provided in a Supplemental Trust Agreement).

Parity of Bonds. Each Series of Bonds will be issued pursuant to a Supplemental Trust Agreement and will be equally and ratably secured under the Trust Agreement, without preference, priority or distinction; *provided*, however, that (a) any Series of Bonds may have other security pledged to its payment, (b) moneys in any Account or Subaccount of the Bond Fund relating to a particular Series of Bonds will secure only such Bonds, (c) moneys in any Account or Subaccount of the Project Fund relating to a particular Series of Bonds will secure only such Bonds and (d) moneys in any Account or Subaccount of the Debt Service Reserve Fund relating to a particular Series of Bonds will secure only such Bonds and any additional Series issued to refund such Bonds if and as provided in the respective Supplemental Trust Agreement. Nothing in the Trust Agreement will be construed, however, as (x) requiring that any Bonds bear interest at the same rate or in the same manner as any other Bonds, have the same, or an earlier or later, maturity, or be subject to mandatory sinking fund, optional or extraordinary redemption prior to maturity on the same basis as any other Bonds, (y) prohibiting the Authority from entering into financial arrangements designed to assure that moneys will be available for the payment of certain Bonds at their maturity or (z) prohibiting the Authority from pledging moneys or assets of the Authority other than those pledged herein for the benefit of certain Bonds.

Investments; Valuation. Any money held under the Trust Agreement may be invested, as directed in writing by an Authorized County Representative, in obligations or securities that are permitted for the investment of public funds under the Investment of Public Funds Act (Chapter 45, Title 2.2 of the Virginia Code), the Government Non-Arbitrage Investment Act (Chapter 47, Title 2.2 of the Virginia Code), or any successor provisions of law applicable to such investments.

Any investments will be held by or under the control of the Trustee and while so held will be deemed a part of the Fund, Account or Subaccount in which such money was originally held. The earnings accruing on such investments will be credited to such Funds, Accounts or Subaccounts, except as otherwise provided in the Trust Agreement, and any loss resulting from such investments will be charged to such Funds, Accounts or Subaccounts.

In computing the amount in any Fund, Account or Subaccount created by this Agreement, except for any Series Debt Service Reserve Account, obligations purchased as an investment of moneys therein will be valued at cost or fair market value thereof, whichever is lower, plus accrued interest. Investments in any Series Debt Service Reserve Account will be valued at least semiannually at the fair market value thereof, plus accrued interest. Except as otherwise set forth in a Supplemental Trust Agreement or the Financing Agreement, such valuations for each such Fund, Account or Subaccount, other than any Series Debt Service Reserve Account, will be made by the party holding each such Fund, Account or Subaccount at least annually not later than the end of each Fiscal Year and at such other times as an Authorized County Representative may direct.

Events of Default. Each of the following is an Event of Default under the Trust Agreement: (1) default in the payment of interest on any Bond when due, (2) default in the payment of principal of or premium, if any, of any Bond when due, (3) default in the observance or performance of any other covenant, condition or agreement on the part of the Authority under the Trust Agreement or the Bonds, subject to certain rights of the Authority to notice and an opportunity to cure, and (4) any event of default under the Financing Agreement.

Remedies; Rights of Bondholders. Upon the occurrence and continuation of an Event of Default and if requested by the holders of not less than 25% in aggregate principal amount of Bonds Outstanding and indemnified in accordance with prevailing industry standards, the Trustee will proceed to protect and enforce the rights of the holders of the Bonds by mandamus or other suit, action or proceeding at law or in equity, including an action for specific performance of any covenant or agreement contained in the Trust Agreement; *provided*, that the Trustee will have no right or authority to declare the entire unpaid principal of and interest on the Bonds due and payable. All remedies under the Trust Agreement are cumulative.

Other than the remedies described above, no holder of any Bond will have any right to institute any action, suit or proceeding at law or in equity for the enforcement of the Trust Agreement, the execution of any of its trusts or any other remedy under it, unless (1) an Event of Default (as defined in the Trust Agreement) has occurred and is continuing and the Trustee has notice of it; (2) the holders of 25% in aggregate principal amount of Bonds then Outstanding have made written request to the Trustee and offered it reasonable opportunity either to proceed to exercise the powers granted by the Trust Agreement or to institute such action, suit or proceeding in its own name; (3) such requesting Bondholders have offered to the Trustee indemnity as provided in the Trust Agreement; (4) the Trustee has failed or refused within a reasonable time to comply with such request; (5) no direction inconsistent with such request has been given to the Trustee by the holders of a majority in principal amount of Outstanding Bonds; and (6) notice of such action, suit or proceeding is given to the Trustee. Notwithstanding any other provision to the contrary, the holders of a majority in aggregate principal amount of Bonds Outstanding, upon compliance with the Trust Agreement's requirements as to indemnification of the Trustee, will have the right to direct all proceedings to be taken by the Trustee.

The Trustee will waive or rescind any Event of Default under the Trust Agreement or any action taken pursuant to any Event of Default on request of the holders of (a) a majority in aggregate principal amount of Bonds then Outstanding in respect of which default in the payment of principal and/or premium, if any, and/or interest exists or (b) a majority in aggregate principal amount of Bonds then Outstanding in the case of any other default; provided that there will not be waived without the consent of the holders of all Bonds then Outstanding (i) any Event of Default in the payment of the principal of any Outstanding Bonds (whether at maturity or by sinking fund redemption) or (ii) any default in the payment when due of the interest on any such Bonds unless, prior to such waiver or rescission, (1) there will have been paid or provided for all arrears of interest with interest, to the extent permitted by law, at the rate borne by the applicable Bonds on overdue installments of interest, all arrears of principal and premium, if any, and all expenses of the Trustee in connection with such default, and (2) in case of any such waiver or rescission or in the case of any discontinuance, abandonment or adverse determination of any proceeding taken by the Trustee on account of any such default, the County, the Trustee and the Bondholders will be restored to their former respective positions and rights under the Trust Agreement, and no such waiver or rescission will extend to any subsequent or other default or impair any right consequent thereon.

Discharge of Trust Agreement. A Bond will be deemed no longer Outstanding when any such Bond has been cancelled or surrendered for cancellation or purchased by the Authority from moneys in the Bond Fund or as to any Bond not cancelled or so surrendered for cancellation and subject to cancellation, or so purchased, when (A) payment of the principal of and the applicable premium on such Bond, plus accrued interest on such principal to the date fixed for payment thereof (whether such due date be by reason of maturity or upon redemption or prepayment or otherwise) has been made or caused to be made in accordance with the terms thereof, or (B) payment of the principal of and the applicable premium on such Bond, plus accrued interest on such principal to the date fixed for payment thereof (whether such due date be by reason of maturity or upon redemption or prepayment or otherwise) has been provided by irrevocably depositing with the Trustee, in trust, and irrevocably appropriating and setting aside exclusively for such payment (x) moneys sufficient to make such payment, (y) noncallable Government Obligations maturing as to principal and interest in such amount and at such times as will insure the availability of sufficient moneys to make such payment, or (z) a combination of both such moneys and noncallable Government Obligations, and (C) payment of all necessary and proper fees, costs, and expenses of the Trustee satisfactory to the Trustee shall have been made in connection with the Bonds and the administration of the Trust Agreement.

Supplemental Trust Agreements. Any provision of the Trust Agreement may be modified or altered by the Authority and the Trustee, by a Supplemental Trust Agreement, upon consent of the holders of a majority in aggregate principal amount of Bonds then Outstanding; *provided* that if such proposed modification or amendment will only affect one Series of Bonds, then only the consent of a majority in aggregate principal amount of Bonds of such Series shall be required for such supplemental agreement. Notwithstanding the foregoing, certain amendments relating to the payment of the Bonds may be made only with the consent of each Bondholder whose rights will be affected.

In addition, the Authority and the Trustee may enter into supplemental agreements of trust without the consent of holders of the Bonds (a) to cure any ambiguity, formal defect or omission in the Trust Agreement; (b) to insert such provisions clarifying matters or questions arising under the Trust Agreement as are necessary or desirable and are not contrary to or inconsistent with the Trust Agreement as theretofore in effect; (c) to grant to or confer upon Bondholders any additional rights, remedies, powers or authority that may lawfully be granted to or conferred on the Bondholders; (d) to modify, amend or supplement the Trust Agreement in such manner as required to permit the qualification hereof and thereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect or any state securities or "Blue Sky" law, and, if they so determine, to add to the Trust Agreement such other terms, conditions and provisions as may be required by said Trust Indenture Act of 1939, as amended, or similar federal statute or state securities law; (e) to modify, amend or supplement the Trust Agreement in such manner as required to reflect any change in applicable law, provided that such modification, amendment or supplement does not, in the opinion of the Trustee (which opinion may be based upon an Opinion of Counsel), materially adversely affect the holders of all Outstanding Bonds; (f) to add to the covenants and agreements of the Authority in the Trust Agreement other covenants and agreements to be observed by the Authority; (g) to modify, amend or supplement the Trust Agreement in such manner as required to permit the Authority to comply with the provisions of the Code relating to the rebate to the United States of America of earnings derived from the investment of the proceeds of Bonds, provided that such modification, amendment or supplement does not, in the opinion of the Trustee (which opinion may be based upon an Opinion of Counsel), materially adversely affect the holders of all Outstanding Bonds; (h) to modify, amend or supplement the Trust Agreement in such manner as may be required by a rating agency to maintain its rating on the Bonds, provided that such modification, amendment or supplement does not, in the opinion of the Trustee (which opinion may be based upon an Opinion of Counsel), materially adversely affect the holders of all Outstanding Bonds; (i) to authorize the issuance of and to secure one or more Series of Bonds; and (j) to modify, amend or supplement the Trust Agreement in any manner that the Trustee concludes (which conclusion may be based upon an Opinion of Counsel) is not materially adverse to the holders of all Bonds then Outstanding. If such a Supplemental Trust Agreement will affect only certain (but not all) Series of Bonds, it may be necessary to seek only the consent of the holders of a majority in aggregate principal amount of such particular Series of Bonds.

THE FINANCING AGREEMENT

Agreement to Issue 2024 Bonds. In the Financing Agreement, the Authority agrees to issue the 2024 Bonds and loan the proceeds thereof to the County. The County agrees, subject to appropriation by the County Board, to make all Basic Payments and Additional Payments when and as the same shall become due and payable.

2024 Bonds. In order to provide funds for the 2024 Project, the Authority will agree to issue the 2024 Bonds bearing interest, maturing and having the other terms and provisions set forth in the First Supplemental Trust Agreement.

Payments under Financing Agreement; Subject to Appropriation. Under the Financing Agreement the County has undertaken to pay to the Authority, or its assignee, the Basic Payments and Additional Payments set forth in the Financing Agreement. The Basic Payments are calculated to be due in such amounts and at such times as will be sufficient to pay scheduled principal of and interest on the Bonds. The County will receive a credit against its obligation to make Basic Payments to the extent there are amounts on deposit in the Bond Fund; *provided* that such amounts have not been applied previously as a credit with respect to any Basic Payment. The County also has undertaken to make Additional Payments to cover any redemption premium that may be payable on the Bonds, the reasonable fees and expenses of the Trustee, and the expenses of the Authority.

The undertaking by the County to make Basic Payments and Additional Payments is subject to appropriations being made from time to time by the County Board for such purposes. In the Financing Agreement, the County Board has directed the County Administrator or other officer charged with the responsibility for preparing the County's annual budget to include in the budget for each Fiscal Year as a single appropriation the amount of all Basic Payments and estimated Additional Payments during such Fiscal Year.

The County may prepay any Basic Payments at the times and in the amounts as necessary to enable the Authority to exercise its option to cause the related Series of Bonds to be redeemed as set forth in such Bonds. Such prepayments of Basic Payments will be made at the times and in the amounts as necessary to accomplish the optional redemption of the related Series of Bonds as set forth in such Bonds. Upon the exercise of such option, the County will also pay as Additional Payments the amounts necessary to pay the premium, if any, due on such Bonds on the date or dates fixed for their redemption.

Agreement to Issue Additional Bonds to Finance Additional Projects or Refinance Projects. In order to finance or refinance the cost of Projects for the County, in addition to the 2024 Project, the Authority has agreed that it will, from time to time, issue additional Series of Bonds for such purposes. Such additional Series of Bonds will be issued, from time to time under the terms of the Trust Agreement, solely to finance or refinance Projects approved by the County. The obligation of the Authority to issue additional Series of Bonds will be conditioned upon compliance with the provisions of the Trust Agreement.

Events of Default. Events of Default under the Financing Agreement include (1) default in the due and punctual payment of a Basic Payment or an Additional Payment made to correct a deficiency in a Series Debt Service Reserve Account when the same becomes due and payable and continuation of such failure for a period of five business days, or (2) failure of the County to pay when due any other payment due under the Financing Agreement (excluding that portion of Additional Payments allocable to any premium on the Bonds), or to observe and perform any covenant, condition or agreement, which failure shall continue for a period of 30 days after notice is given, with certain rights to cure as described in the Financing Agreement. Notwithstanding the foregoing, failure to make any payment due or to perform any covenant under the Financing Agreement which results from a failure of the County Board to appropriate moneys for such purposes will not constitute an Event of Default.

Remedies. If an Event of Default occurs, remedies available to the Authority are to take whatever action at law or in equity, other than to declare the entire unpaid principal balance of Basic Payments to be immediately due and payable, as may appear necessary or desirable to collect the Basic Payments and the Additional Payments then due or to become due, or to enforce performance and observance of any obligation, agreement or covenant of the County. An event of non-appropriation is not an Event of Default. See the section **"BONDHOLDERS' RISKS -- Non-Appropriation and Limited Remedies."**

The Financing Agreement will be reinstated and any default waived upon certain conditions, including the payment of all arrears with respect to the Bonds.

Amendments. The Financing Agreement may be supplemented, amended or modified prior to the payment of all Outstanding Bonds, only with the consent of the Trustee, given in accordance with the Master Trust Agreement.

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APPENDIX C

COUNTY OF FAUQUIER, VIRGINIA

THE INCLUSION OF THIS INFORMATION DOES NOT IMPLY THAT THE COUNTY OF FAUQUIER, VIRGINIA, IS LEGALLY OBLIGATED TO MAKE PAYMENTS ON ANY BONDS OUTSTANDING UNDER THE TRUST AGREEMENT, INCLUDING THE SERIES 2024 BONDS.

INFORMATION PERTAINING TO THE COUNTY OF FAUQUIER, VIRGINIA

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FAUQUIER COUNTY

Introduction

The County of Fauquier, Virginia (“Fauquier County” or the “County”), is located in the north-central Piedmont region of Virginia, approximately 40 miles southwest of Washington, D.C., and approximately 95 miles northwest of Richmond, Virginia. The County encompasses a land area of approximately 660 square miles. Adjacent to the County are the Counties of Prince William, Stafford, Culpeper, Warren, Rappahannock, Clarke and Loudoun. Interstate Highway 66 runs east-west through the northern portion of the County and serves as a primary connector to Washington, D.C. U.S. Route 17 runs north-south through the whole of the County and serves as a primary connector between Interstate Highways 81 and 95. In addition, five U.S. primary routes and two state primary routes also transverse the County.

More than half of the land area within the County is comprised of farmlands and woodlands, primarily rural in nature with eight distinct service districts. The County is known for its pristine countryside, international equine industry, wineries and breweries, with small town tourist destinations.

As of July 1, 2023, the population of the County was estimated at 73,731, with an average annual growth rate of about 1.0% over the prior ten years with a slight decrease in the annual growth rate for 2022 and 2023.

The County seat is located in the Town of Warrenton in central Fauquier County. In addition to Warrenton, two other incorporated towns (Remington and The Plains) are located within the County.

Government

The County was formed as an independent County in 1759 and is organized under the traditional (modified) Board of Supervisors/County Administrator form of government as defined under Virginia law. The County Board of Supervisors (the “County Board” or the “Board of Supervisors”), which establishes policies for the administration of the County, is the governing body of the County. The residents of each of the County’s five magisterial districts elect one member of the Board to serve a term of four years. The Board of Supervisors selects annually from its members the Chair and Vice Chair of the Board.

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 Board appoints a County Administrator to serve as the administrative manager of the County. The County Administrator serves at the pleasure of the Board, implements its policies, directs business and administrative procedures, and manages the County workforce. The County Administrator is currently assisted by approximately 856 permanent employees, organized in staff departments and offices.

The operation of public schools in the County is vested in a five-person School Board. The residents of each of the County’s five magisterial districts elect one member of the Board to serve a term of four years. The School Board selects annually from its members the Chair and Vice Chair of the School Board.

The local share of the cost of operating public schools in the County is met with an appropriation by the Board from the County’s General Fund. The School Board cannot levy taxes and can incur indebtedness only under limited circumstances. Operations of the School Board, however, are independent of the Board of Supervisors and the County administration as prescribed by Virginia law. A Superintendent is appointed by the School Board to administer the operations of the County’s public schools.

In Virginia, cities and counties are not overlapping units of government. However, there are no incorporated cities within the boundaries of the County. There are three incorporated towns within the County: Warrenton, Remington and The Plains (the “Towns”). Although towns are separate units of government, the ordinances and regulations of the County are, within certain limitations prescribed by State law, generally effective therein. Property

in the Towns is subject to County taxation and the County provides certain services to the residents of the Towns. The Towns may incur their own general obligation bonded indebtedness without the approval of the County. Public school education for residents within the Towns is provided through the County.

Principal Executive Officers

Official	Name	Term and Manner of Selection	Total Length of Service with County	Expiration of Current Term
Chair and County Board Member	Richard R. Gerhardt	4 Years (elected)	8 Years	December 31, 2027
Vice-Chair and County Board Member	Kevin T. Carter	4 years (elected)	1 Year	December 31, 2027
County Board Member	Edwin W. "Ike" Broaddus	4 Years (elected)	Less than 1 year	December 31, 2027
County Board Member	A. Regan Washer	4 years (elected)	Less than 1 year	December 31, 2027
County Board Member	Daron L. Culbertson	4 Years (elected)	Less than 1 year	December 31, 2027
County Administrator	Janelle J. Downes	Appointed by County Board	23 Years	Pleasure of County Board
Deputy County Administrator	Mallory K. Stribling	Employed by County Administrator	11 Years	N/A
County Attorney	Tracy A. Gallehr	Appointed by County Board	27 Years	Pleasure of County Board
Director, Department of Finance	Karl A. Kuszaj	Employed by County Administrator	Less than 1 year	N/A
Director, Economic Development	Douglas J. Parsons	Employed by County Administrator	3 Years	N/A
Superintendent of Schools	Dr. Major R. Warner Jr.	Appointed by School Board	21 Years	Pleasure of School Board

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Board of Supervisors Members

Richard R. Gerhardt, Chair. Richard “Rick” Gerhardt was first elected to public office in 2016 to represent the Cedar Run Magisterial District, and in 2024 began his third term of public office. Mr. Gerhardt currently presides as the Chair of the Board of Supervisors, a role he has served in previously (2017, 2022).

He graduated from Washington College with a Bachelor of Arts degree in Business Administration and a minor in Economics. Mr. Gerhardt is a veteran corporate executive of the shipping and logistics industry and experienced business consultant. Mr. Gerhardt has served as President and Chief Operating Officer of MSI Worldwide Mail, and as Chief Sales Officer of the Americas (U.S., Canada, and South America) for DHL Global Mail. With over thirty years of experience, he has a proven record of business operations management, strategic planning, and leadership.

As a member of the Board of Supervisors, Mr. Gerhardt currently serves on the Fauquier County Broadband Authority; Personnel Committee; Public Safety Committee; Transportation Committee; Transportation Planning Board; Quantico Civilian/Military Community Relations Council; and Northwestern Regional Jail Authority Board.

Mr. Gerhardt is active in the community. Presently, he sits on the Smith-Midland Corporation Board of Directors. He formerly served on the PATH Foundation Board, the Virginia Gold Cup Association Board, the Fauquier Free Clinic Board, as well as the Fauquier County Airport Committee.

Kevin T. Carter, Vice Chair. Kevin T. Carter has represented the Center District Magisterial District since September 2022 when he was appointed by the Board of Supervisors to fill a vacated position and was subsequently elected to his next full term of office beginning in 2024. He currently serves as Vice-Chair of the Board of Supervisors.

Mr. Carter has served as the Managing Director for Lansdowne Resort & Spa in Leesburg, Virginia, since December 2020. Previously he served as the President of Guests, Inc., a full-service hotel management company headquartered in Strasburg, Virginia. Before that he served locally for 16 years as Managing Director for the Airline Foundation. Mr. Carter has over 40 years of leadership experience in the hospitality industry, holding positions of director, corporate director, resident manager, general manager, and independent consultant.

As a member of the Board of Supervisors, Mr. Carter currently serves on the Fauquier County Broadband Authority; Board of Supervisors/School Board Liaison Committee; Facilities Planning and Implementation Committee; Finance Committee; Personnel Committee; Town/County Liaison Committee; and the Water and Sanitation Authority Liaison Committee.

Prior to serving on the Board of Supervisors, Mr. Carter served for six years as a member of the Warrenton Town Council (Ward 5). Mr. Carter is an active and contributing leader in the community, where he serves on the Board of Directors for the Virginia National Bank. He also has been a member of the Board of Directors of the Fauquier County Chamber of Commerce; the Fauquier Hospital; the PATH Foundation; President of the Warrenton Rotary Club; and Senior Warden and School Board Treasurer for the St. James Episcopal Church.

Edwin W. “Ike” Broaddus. Edwin “Ike” Broaddus was elected to the Board of Supervisors representing Scott Magisterial District for a four-year term beginning January 2024.

Mr. Broaddus is business owner and conservationist who has been living and working in Fauquier County since 1996. In 2007, Mr. Broaddus was appointed to the Vint Hill Economic Development Authority, where he served as Chair and Executive Director until 2012. In 2013, Mr. and Mrs. Broaddus purchased several buildings in Vint Hill and launched their brewery, Old Bust Head Brewing Company. Their business and renovation efforts have attracted 50 additional businesses to Vint Hill supporting economic development growth of this area.

As a member of the Board of Supervisors, Mr. Broaddus currently serves on the Fauquier County Broadband Authority; Board of Supervisors/School Board Liaison; Facilities Planning and Implementation Committee; Finance Committee; Town/County Liaison Committee; Water and Sanitation Authority Liaison Committee; Potomac Watershed Roundtable; Rappahannock-Rapidan Regional Commission; Rappahannock River Basin Commission; and the Piedmont Workforce Investment Council.

Mr. Broaddus serves on the Board of Directors for the Foothills Housing Corporation. He has previously served on the Fauquier County's Purchase of Development Rights Committee, and the Board of Trustees for Highland School.

Daron L. Culbertson. Daron Lee Culbertson was elected to the Board of Supervisors representing the Lee Magisterial District for a four-year term beginning January 2024.

Mr. Culbertson earned a bachelor's degree in Sport Management from Virginia Commonwealth University.

He is a fifth-generation farmer and a small business owner in Remington, Virginia. In addition to managing the family-run beef cattle business, he is the proprietor of Rural Restoration LLC, a company that provides agricultural fence installation and farm consulting services.

As a member of the Board of Supervisors, Mr. Culbertson currently serves on the Fauquier County Agricultural and Forestal District Committee; Agricultural Advisory Committee; Fauquier County Broadband Authority; and the Transportation Planning Board.

He is active in the community and was appointed by the Board of Supervisors to sit on the Fauquier County Purchase of Development Rights Advisory Committee, where he has served for seven years. Mr. Culbertson actively supports voluntary programs to protect the farmland and natural resource assets of rural properties.

A. Regan Washer. Regan Washer was elected to the Board of Supervisors representing the Marshall Magisterial District for a four-year term beginning January 2024.

Mr. Washer has a bachelor's degree in business administration from the University of Mary Washington. He is a managing partner in a wealth management firm located in The Plains, Virginia.

As a member of the Board of Supervisors, Mr. Washer currently serves on the Fauquier County Agricultural and Forestal District Committee; Agricultural Advisory Committee; Fauquier County Broadband Authority; and Public Safety Committee.

Key County Administrative Staff

Janelle J. Downes, County Administrator. Janelle J. Downes was appointed the first female County Administrator for Fauquier County in 2023. Prior to assuming this position, she served in the County's Human Resources Department for 23 years, of which 18 years as Director of the unified Human Resources program for Fauquier County Government and Fauquier County Public Schools. In this role she gained an extensive perspective and experience with the Board of Supervisors and all County Government departments, offices, and entities.

Ms. Downes earned a Master of Public Administration and a Bachelor of Art in Psychology from George Mason University. She also holds a certificate in leadership coaching for organizational well-being also from George Mason University. Ms. Downes is a credentialed Senior Human Resources Professional and LEAD Program Graduate through the University of Virginia.

Ms. Downes serves as staff lead on all standing committees for the Board of Supervisors and as well as the Rappahannock-Rapidan Regional Commission; Piedmont Workforce Investment Council; and Potomac Watershed Roundtable. Ms. Downes has also served on the Fauquier Health Board of Trustees, the Path Foundation and the Secretary of the IPMA-HR Southwest Region.

In her role as County Administrator, Ms. Downes serves as the chief administrative officer of Fauquier County and supervises the day-to-day operations of all county departments and agencies. The Office of the County Administrator also provides administrative support to the Board of Supervisors and implements its directives. Additionally, the position serves as clerk to the Board, as well as official liaison to the Constitutional Officers, the Judiciary, and state and regional agencies.

Mallory K. Stribling, Deputy County Administrator. Mallory K. Stribling serves as Deputy County Administrator, a role she assumed in 2024. Prior to joining County Administration, Ms. Stribling worked for 11 years in the Office of Management and Budget, most recently serving as Director.

Ms. Stribling has a Master of Public Administration from George Mason University, a Bachelor of Arts in International Relations from Boston University, and a Graduate Certificate in Local Government Management from Virginia Tech. She is a Project Management Professional and is a graduate of the 2018 Leadership Fauquier Class and 2019 GFOA Leadership Academy based out of the College of Charleston. Ms. Stribling brings a strong multi-faceted background to the role, originally branching from project management consulting.

As Deputy County Administrator, Ms. Stribling oversees the Financial Services Team and provides budgetary oversight and planning for Fauquier County.

Tracy A. Gallehr, County Attorney. Tracy A. Gallehr serves as County Attorney for Fauquier County. Ms. Gallehr has 27 years of experience in the County Attorney's Office for the County serving as Deputy County Attorney prior to her current role.

Ms. Gallehr has a Juris Doctor, a Master of Public Administration, and a Bachelor of Science in Biology, all from George Mason University. She is an active member of the Virginia State Bar; the Association of Telecommunication Officers and Advisors; Fauquier County Bar Association; Local Government Attorney's of Virginia; and admitted to practice in Commonwealth of Virginia courts, federal and bankruptcy courts of the Eastern District of Virginia. She has been included in a number of publications and presentations during her career.

The County Attorney's office provides legal representation and advice to the Board of Supervisors, Planning Commission, and all other boards, commissions, departments, Constitutional Officers and employees regarding legal issues relative to conducting County business.

Karl A. Kuszaj, Director of Finance. Karl Kuszaj serves as Director of Finance for Fauquier County and Fauquier County Public Schools, a role he resumed earlier this year. Prior to his current role, he worked in the Office of Management and Budget.

Mr. Kuszaj holds a Master of Financial Economics from Ohio University and a Bachelor of Science degree in Business Administration from Franklin University. He previously served at the Ohio Public Employees Retirement System, where he rose through the ranks to Supervisor of Finance and Compliance in the Employer Services Office, and Finance Process Manager in the Governance Office, for 18 years.

In this role, Mr. Kuszaj is responsible for the oversight of quality financial and administrative support services to all users in a professional, proactive, and effective manner; and in conformance with the highest standards set for county government finance activities and officials. The Finance Department consists of the Accounting, Accounts Payable and EMS Billing divisions.

Douglas J. Parsons, Director of Economic Development. Douglas Parsons has served as the Fauquier County Economic Development Director since 2021. Mr. Parsons has over 30 years of economic development experience.

Mr. Parsons has a Bachelor of Science degree in Journalism and Advertising from West Virginia University. He holds professional certifications and training to include Economic Development Finance Professional through the National Development Council; International Economic Development Council courses in career-related subjects; Leadership West Virginia Class of 2002; and Certified Project Administrator through the West Virginia Infrastructure & Jobs Development Council. In 2019, Mr. Parsons was named by Virginia Business Magazine as one of the Top 100 People to Meet.

As the Fauquier County Economic Development Director, Mr. Parsons is responsible for attracting, developing, and directing the industrial, economic, business and tourism activities of the County.

Dr. Major Warner, Superintendent of Fauquier County Public Schools. Dr. Major Warner currently serves as the Superintendent of Fauquier County Public Schools. He was appointed to this role in 2023. He has served 29 years in public education and 22 years with Fauquier County Public Schools.

Dr. Warner earned a Doctor of Education in Educational Leadership from Virginia Commonwealth University, a Masters of Arts degree in Educational Psychology – School Counseling from Tennessee Tech University and a Bachelor of Arts in Economics and Business, with a minor in Geography from Emory and Henry.

Prior to his current role, Dr. Warner served in various educational and administrative roles to include School Counselor, Assistant Principal, Principal and Deputy Superintendent. He holds a Postgraduate Licensure in Administration and Supervision, Marketing Education, Middle School Counseling, Secondary Counseling, and Division Superintendent.

Dr. Warner serves as staff lead on all School Board standing committees.

In his role as Superintendent, Dr. Warner is the chief executive officer of the public-school division and acts as agent for the Board of Education.

Key Constitutional Officers

Tanya Remson Wilcox, Treasurer. Tanya Remson Wilcox currently serves as the elected County Treasurer, a role she has served in for the last 12 years. Prior to her election as Treasurer, Tanya served in various roles in the Fauquier County Treasurer’s Office for 14 years, including as the Chief Deputy Treasurer for 10 years. During her 26-year career in public service, she focused on investments, cash management, and process improvement within the Treasurer’s Office.

Tanya holds a Masters in Public Administration from Virginia Tech and a bachelor’s degree in Communications from Old Dominion University. She also achieved a Master Government Treasurer certification from the Treasurers’ Association of Virginia and a Local Government Management certificate from Virginia Tech. In 2021, she earned the “Treasurer of the Year” award and in 2010 she earned the “Deputy Treasurer of the Year” award, both from the Treasurers’ Association of Virginia.

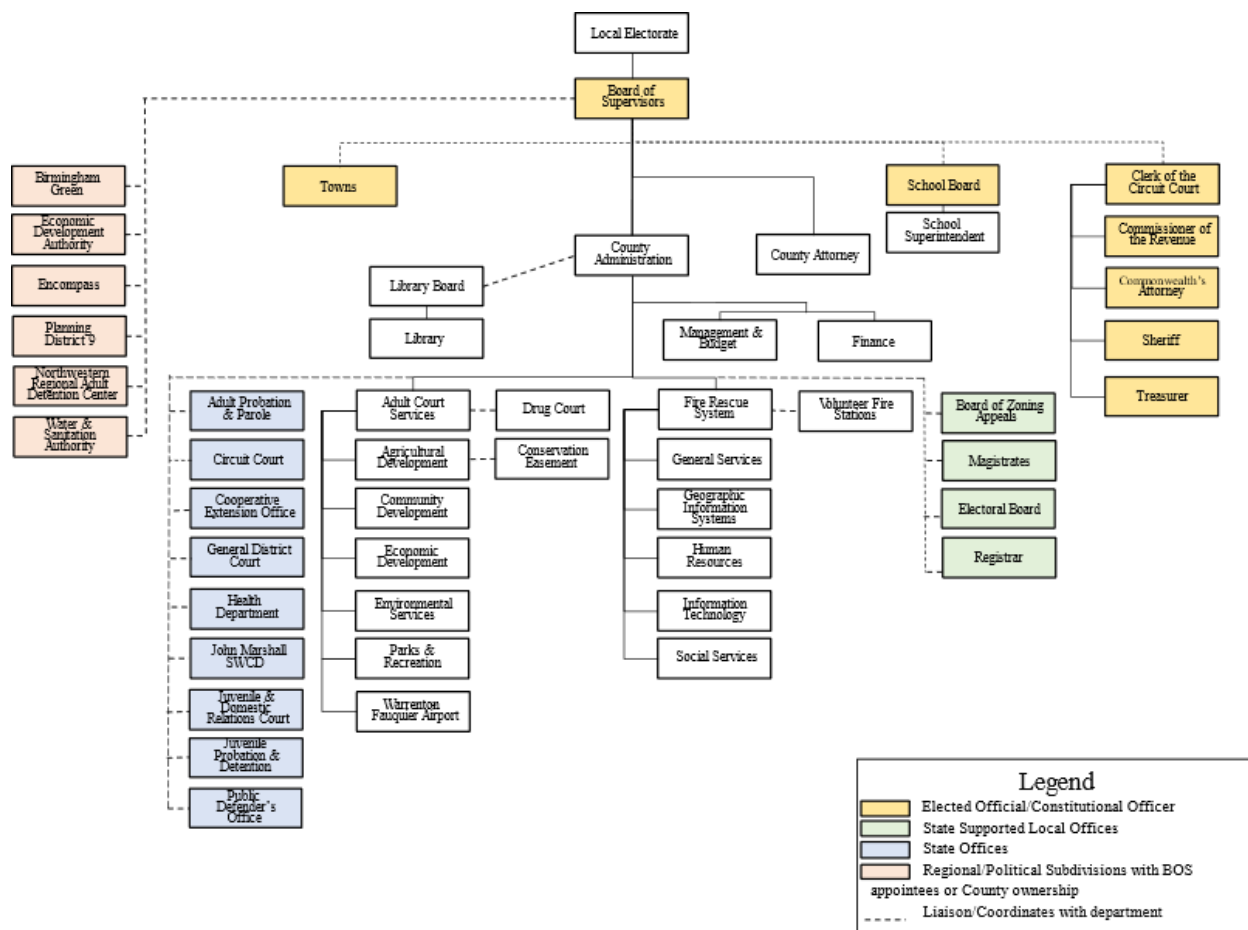
Currently, Tanya serves as President-elect for the Treasurers’ Association of Virginia, on the Board of Directors for the Warrenton Rotary Foundation, and as Treasurer for the Fauquier Economic Development Authority. Previously she served as the Past President of the Warrenton Rotary Club and on the Board of Directors for Community Touch.

Eric J. Maybach, Commissioner of Revenue. Eric J. Maybach serves as the elected Commissioner of the Revenue. Mr. Maybach took office for this position in January 2020.

Prior to becoming Commissioner, he worked in the indirect lending space with over 14 years of banking and finance experience. He supervised a national staff, managed multi-million-dollar portfolios, analyzed data trends, provided growth projections, and implemented global training strategies.

As Commissioner of the Revenue, Mr. Maybach oversees the areas of Real Estate, Personal Property, Business Taxation and State Income.

Organizational Chart



Governmental Services

The County provides a range of government services consistent with those provided by similar Virginia localities. Major programs include public safety, health and welfare, parks and recreation, education, community development, and the general government services, comprised of functions such as personnel, finance, general services and management information. Total County employment, exclusive of public school personnel, is approximately 856 employees.

Public Schools

The Fauquier County public school system is directed by a five-person School Board elected for four-year terms whereby one member represents each of the County's five magisterial (election) districts. As required by the Virginia Code, the School Board functions independently of the Board of Supervisors. The Superintendent of Schools annually prepares and submits the public education budget estimates to the School Board as part of the budget process. The School Board then submits a budget to the Board of Supervisors by April 1 for the next fiscal year. As required by the Virginia Code, the School Board cannot levy taxes and can incur indebtedness only under limited circumstances. The costs of the school system are provided by appropriations from the General Fund of the County (see the subsection "Expenditures and Transfers" within the section "General Fund Revenues, Expenditures and Transfers" on page C-18), from funds received from the Commonwealth of Virginia and the Federal government.

The following is a summary of certain school statistics and data on existing public schools:

Summary of Enrollment and School Employee Statistics

	2019-20	2020-21	2021-22	2022-23	2023-24
Pre-Kindergarten	128	90	125	128	144
Kindergarten	742	632	744	665	699
Elementary (Grades 1-5)	3,861	3,450	3,666	3,833	3,787
Middle (Grades 6-8)	2,586	2,370	2,408	2,372	2,427
Secondary (Grades 9-12)	3,688	3,616	3,541	3,630	3,586
Total Enrollment	11,005	10,158	10,484	10,628	10,643
Special Education	1,629	1,603	1,573	1,691	1,720
Total School Employees	1,904	1,904	1,929	1,889	1,843

Source: Fauquier County Public Schools.

As of September 30 of each school year; provided that VDOE Enrollment for Special Education reflects December 1st count.

Data on Existing Public Schools

School	Site Size (acres)	Building Size (Sq. Feet)	Original Construction Date	Date of Additions	Institutional Capacity	2023-24 Enrollment ⁽¹⁾
<u>Elementary (PreK-5)</u>						
C. Hunter Ritchie	29	65,144	1990		548	522
C. M. Bradley	21	63,660	1970	1990	588	349
Thompson	12	49,790	1963	2006	368	262
Grace Miller	23	65,144	1990		580	506
Greenville	199 ⁽²⁾	80,228	2008		604	456
H. M. Pearson	23	63,307	1968	1990	532	381
J. G. Brumfield	10	73,506	2000		716	508
M. M. Pierce	17	72,100	1932	1981, 1998	560	533
Mary Walter	31	66,487	1963	1990	588	396
P. B. Smith	26	63,339	1968	1990	572	402
W. G. Coleman	22	54,311	1968	1998	520	315
<u>Middle (6-8)</u>						
Auburn	35	118,443	2004		622	578
Cedar Lee	32	105,062	1973	1999, 2006	900	837
Marshall	38	102,855	1973	1989, 2002	654	405
Taylor	12	93,410	1952	1981	618	607
Warrenton	18	94,340	1936	1981	0	0
<u>Secondary (9-12)</u>						
Fauquier	76	268,109	1963	1973, 1981, 1989, 1998, 2012	1,612	1,122
Liberty	77	244,514	1994	2006	1,370	1,300
Kettle Run	199 ⁽²⁾	229,649	2008		1,360	1,164
<u>Alternative</u>						
Southeastern	11	17,547	1963		100	87
Total Enrollment						10,643

Source: Fauquier County Public Schools.

⁽¹⁾ As of September 30, 2023. Students attending Southeastern are included in their home school's enrollment numbers.

⁽²⁾ Greenville and Kettle Run are considered part of one parcel.

Courts and Correctional Facilities

The Judicial System includes a Circuit Court, General District Court, the 20th District Court and a Juvenile and Domestic Relations Court. The Commonwealth's Attorney, Magistrates, Sheriff's Office and Clerk of the Circuit Court provide related services. The County maintains an adult detention center with a current bed setup for 56 prisoners.

In 1987, Clarke and Frederick Counties and the City of Winchester entered into an agreement to establish a regional jail board and operate a regional jail facility. In 1998, Fauquier County became a member of the regional jail board. In May 2005, the participating jurisdictions of the regional jail board formed the Northwestern Regional Jail Authority (the "Jail Authority"). The Jail Authority consists of three members each from Clarke County and Fauquier County, and four members each from Frederick County and the City of Winchester. Each jurisdiction appoints the Sheriff from its jurisdiction to serve on the board of the Jail Authority. The other board positions are appointed by the governing bodies of the jurisdictions. The terms are for four years, except for those of the Sheriffs, which run concurrently with their terms in office. Frederick County serves as the facility's fiscal agent. See the section "Capital Leases and Contingent Liabilities" for a description of the County's financial payments with respect to the Jail Authority. The County has no equity interest in the facilities owned by the Jail Authority.

Public Safety

The Fauquier County Sheriff's Office (FCSO) stands as a cornerstone of public safety, adhering to the constitutional framework outlined in Article VII, Section 4 of the Constitution of Virginia. With a dedicated workforce comprising 187 individuals, the FCSO operates under the guidance of 138 uniformed officers, 26 dispatchers, and 23 administrative staff. The Sheriff's office is responsible for operating the local Adult Detention Center, the Joint Communications Center, and the Sheriff's Office.

The Fauquier County Sheriff's Office protects and serves 651 square miles of County land. The men and women of FCSA comprise seven divisions: Adult Detention Center, Civil Process, Community Engagement, Criminal Investigations, Joint Communications, Patrol, and Professional Standards. These seven divisions protect and serve the over 72,000 residents of a mainly rural county.

The Fauquier County Combined Fire Rescue System, established through County ordinance on February 3, 1992 (revised in its current form on August 10, 2023), is an all-hazards response agency. The combination career and volunteer department provides emergency response to fire, rescue, environmental, and emergency medical incidents throughout the jurisdiction with a population of nearly 74,000 from the 12 fire and EMS stations covering 651 square miles. In addition to emergency response, the department oversees building plans review, fire code enforcement, and fire and environmental crime investigation. The department is also Fauquier County's Emergency Management Agency. The department works closely with the Emergency Communications Center and Sheriff's Office in Fauquier and serves the county with an integrated workforce of approximately 169 uniformed career, 8 administrative, and 273 volunteer personnel. The County is divided into three battalions operating 24 Engines, 1 Ladder, 3 Heavy Rescues, and 23 ambulances responding to over 10,000 calls annually. Eight ALS transport units and one advanced life support EMS supervisor are staffed 24 hours a day and two ALS transport units are staffed 12 hours a day by the department's career staff. Supervision is exercised by two command officers assigned to each shift.

Community Development

For the last half century, Fauquier County has been preserving and protecting its rural lands while continuing to grow its population and economy. The County's Comprehensive Plan and Zoning Ordinance are built around a unique system of defined service districts. This land use model, established more than 50 years ago with the adoption of the County's first Comprehensive Plan, promotes targeted smart growth and efficient public services, while effectively honoring the County's natural and cultural resources, agricultural heritage, and rural landscape. The County's Comprehensive Plan is intended to be a living document, updated periodically with community involvement to accurately reflect and uphold residents' ideals and priorities.

The Department of Community Development provides stewardship for all matters pertaining to land use and development in the County, serving as staff to the County Board of Supervisors, Planning Commission, Board of Zoning Appeals, and the public with respect to land use planning and development. The department also provides technical assistance and support to the Architectural Review Board, Transportation Committee, Board of Building Code Appeals, and the Agricultural and Forestal Advisory Committee. Major functions include comprehensive planning, zoning, subdivision, site plans, building permitting, inspections, environmental review, and code and ordinance enforcement. The department consists of three functional divisions – Building, Permitting & Inspections, Zoning & Development Services, and Planning and is staffed by 38 full-time employees.

Economic Development

The County's Economic Development department is committed to facilitating business retention and expansion activities with the County's existing business base, recruitment of new businesses compatible with the Comprehensive Plan, and workforce initiatives to provide County residents with employment and training opportunities to further their careers. The department also works to promote the County's core tourism sectors to increase jobs, wages, and the tax base.

The majority of businesses in the County are small, 90% having fewer than 20 employees¹. The economic development program seeks to attract small to mid-sized companies to locate in the County's service districts. In FY 2023, there were 88 new startup firms in the County. The County's main sectors for economic development include Data Centers, Cybertechnology, Defense, Advanced Manufacturing, and the Food and Beverage industry.

The County's Agricultural Development department does the same thing, but with a focus on the County's prominent agricultural industry. Fauquier County is unique in its commitment to agriculture in business as one of only a handful of municipalities in Virginia with a dedicated Agricultural Development department.

Finance and Budget

Fauquier County's Deputy County Administrator oversees the County's short and long-term financials, which includes oversight of the Office of Management and Budget (OMB) and the Finance Department. OMB provides budget support, information, control and guidance to the Board of Supervisors through the County Administration. The department manages the development and execution of all phases of the County's Operating Budget and oversees all capital project appropriations and expenditures. The Finance Department provides financial and administrative support services. The primary functions of the department include financial reporting, debt management, accounting, accounts payable and receivable, fixed asset reporting and procurement.

General Services

The purpose of the General Services Department is to manage and administer the engineering and maintenance of existing facilities and grounds, installing and maintaining security systems, telecommunications, and transportation fleet maintenance for the General Government and School Division.

The department has a staff of approximately 57 and is responsible for preparing specifications, bid proposals, requests for proposals, contract awards, and contract inspections for maintenance, service, and construction of public property.

Social Services

The County provides residents a variety of social services through its Department of Social Services, with 60 staff helping residents connect to local programs, State and Federal funding, and through direct service.

⁽¹⁾ Virginia Employment Commission, Economic Information & Analytics, Quarterly Census of Employment and Wages (QCEW), 4th Quarter (October, November, December) 2023.

The Rappahannock-Rapidan Community Services Board (CSB), originally established in 1972, was renamed to Encompass Community Supports (ECS) in 2023. ECS oversee publicly funded mental health, intellectual disabilities and substance abuse services for the region, and also provides services under the Older Americans Act. ECS is thus a combined area agency on aging and community services, a unique organization that continues to be the only such combined agency in Virginia. ECS services the counties of Culpeper, Fauquier, Madison, Orange, and Rappahannock.

The Fauquier County Health Department provides public health services including environmental health and inspections, general medical clinics, immunizations, family planning, maternal child health, and sexually transmitted disease management. The department primarily services low to moderate income families in the region.

Public Library

The Fauquier County Public Library provides resources and programs that seek to inform, educate, enrich, and entertain every member of the community. The library has three branches: The Warrenton branch, which is the largest and located in the center portion of the County; the Bealeton branch, which is located in the southern portion of the County; and the John Marshall library, which is located in the northern portion of the County. In total, these branches receive approximately 150,000 in-person visitors and circulate over 370,000 items each year. Over 31,000 County residents have library cards. The library offers a wide variety of informational and recreational reading materials for all ages in a variety of formats, including eBooks and Audio books, DVDs and videos, and access to online digital library databases. Programs for children, teens and adults are offered at all three library branches throughout the year. On average, over 15,000 people a year attend library programs.

The Fauquier County Public Library is directed by the Library Board of Trustees. Each member of the Board of Supervisors appoints a library board member from their respective district to a four-year term. Service on the library board is voluntary and members receive no salary.

Parks and Recreation

The Department of Parks and Recreation works to enhance recreational, educational, and health and wellness opportunities and conservation measures throughout Fauquier County for residents and visitors alike. The mission of Parks and Recreation is to create essential community connections through people, safe places, programs, history, and conservation that enrich the quality of life for all.

The department manages over 1,250 acres and 26 miles of trails. Such management includes dozens of parks and trails and three community centers which combined receive over one million visitors annually. The largest park is Crockett park on Germantown Lake, a 109 acre lake where residents and visitors can boat, fish, or enjoy the lakeside picnicking or hiking.

The department is also responsible for the 33 ball fields, 10 tennis courts, and 19 multiuse courts located at 16 school sites. The department conducts a variety of programs and activities to include preschool programs, youth programs, family and senior programs, adult and youth team sports, group trips, classes, clinics and special events; over 11,500 people participate in 2,300 Parks programs annually.

Regional and Community Support

The County provides financial support to a variety of outside agencies that provide a range of services to County residents. For FY 2025 the County has committed over \$1.4 million in support to 35 non-profits and agencies that operate in the County. The services these organizations provide range from maintenance of a memorial to veterans, a regional orchestra, supportive and affordable housing, community historical and cultural associations, legal and medical services for low-income residents, the local SPCA, and many other services. The County also provides significant funding to the local community college, Laurel Ridge Community College, Fauquier Public Health Department, and the regional Community Services Board, Encompass Community Supports.

Environmental Services and Utilities

The County currently does not provide any public water or sewer services. Utilities in the County are provided by private utility companies under the regulation of the State Corporation Commission and by the Fauquier County Water and Sanitation Authority, an independent political subdivision whose members are appointed by the Board of Supervisors. The authority's five-member board, assisted by a staff of approximately 43 employees, provides water and sewer services to selected locations throughout the County.

In addition, the Town of Warrenton provides water and sewer services within the geographical limits of the Town. The Town Council, assisted by the Town Manager, is the decision-making body.

A County-owned and operated landfill was permitted for operations in September 1994 at a 156-acre site outside the Town of Warrenton. In addition, the County operates six convenience sites throughout the County where County residents may take their solid waste for disposal and recycling. The operations of the landfill are accounted for in an enterprise fund. The County's direct cost for solid waste disposal as well as the cost of operations of the convenience sites is paid out of the General Fund. Landfill enterprise fund revenues in fiscal year 2023 were generated from tipping fees on 46,735 municipal solid waste ("MSW") tons at \$53.58 per ton for County waste and \$64.58 per ton for commercial waste. MSW tonnage is derived from the County (42%), the Towns of Warrenton, The Plains and Remington (9%) and commercial sources (49%). In addition to the MSW waste stream, the landfill received 2,647 tons of construction and demolition waste. Fees for construction and demolition waste ranges from \$5 to \$95 per load based on vehicle and axle size.

CERTAIN FINANCIAL PROCEDURES

Annual Financial Report

The financial statements of the County have been examined and reported on by independent certified public accountants since the fiscal year ended June 30, 1970. The audit for the fiscal year ended June 30, 2023, was performed by Robinson, Farmer, Cox Associates, PLLC, Public Accountants. Robinson, Farmer, Cox Associates, PLLC, has not conducted any financial procedures in connection with the offering of the Bonds nor participated in the preparation of this Official Statement. See **Appendix D**.

The County has been awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association for the past 26 years.

The annual financial reports and budgets of the County are available for inspection at the Office of Finance and Office of the Management and Budget, County of Fauquier, 320 Hospital Drive, Warrenton, Virginia 20186.

Certain Financial Policies

Budget Adjustment Policy. This policy establishes procedures for revising the adopted budget. Specifically, this policy covers procedures for transfers and supplemental appropriations, including carryover, for all budgeted County and School funds. This policy reiterates the Virginia Code requirement for a public hearing for supplemental appropriations exceeding 1% of the County's total budget.

Capital Assets Policy. This policy provides guidance for recording and financial reporting of capital assets. This policy establishes responsibility for the custody and use of specific assets, and the accounting requirements to accumulate and report essential data, including the computation of depreciation and amortization. This policy ensures that the investment of public funds in capital assets are adequately defined and consistently implemented, that Capital Assets are properly accounted for and reported in the financial statements as mandated by the Virginia Code, generally accepted accounting principles, and all applicable Governmental Accounting Standards Board Statements, that Capital Assets adhere to the Property Standards of Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and that Standards of Control are established and maintained to minimize the risk of loss or misuse.

Debt Issuance and Management Policy. The County’s Debt Issuance and Management Policy is discussed in the Debt Administration section of this Appendix.

Fund Balance Management Policy. This policy defines various types of fund balances and establishes policies for dealing with fund balances across major budgeted funds. The policy explains the reasoning for maintaining an unassigned fund balance and the process for appropriation in the event of an emergency need. The policy sets the minimum requirement for General Fund unassigned fund balance at 12% of general fund revenues. Updated in 2023, this policy also establishes a Budget Stabilization Reserve at 3% of general fund revenues and the procedure for funding the reserve.

Fiscal Year Ended June 30	Policy Level	Policy Requirement for Unassigned Fund Balance – 10%	Subsequent Year Adopted Budget General Fund Revenues⁽¹⁾	Actual Unassigned Fund Balance	Unassigned Fund Balance as Percentage of Adopted Revenue
2014	10%	\$16,622,908	\$166,229,077	\$16,622,908	10.0%
2015	10	17,001,448	170,014,484	17,031,448	10.0
2016	10	17,621,727	176,217,271	17,621,727	10.0
2017	10	18,196,087	181,960,871	19,807,927	10.9
2018	10	18,310,467	183,104,669	19,085,314	10.4
2019	10	18,536,078	188,360,775	21,191,160	11.3
2020	10	19,029,989	190,299,892	20,555,314	10.8
2021	10	19,189,309	191,893,085	23,536,528	12.3
2022	10	20,749,377	207,493,770	29,656,175	14.3
2023	12	25,670,615	213,921,788	37,127,188	17.4

Sources: Fauquier County Adopted Budgets FY 2015 – FY 2024.

Fauquier County Annual Comprehensive Financial Reports for Fiscal Year ended June 30, 2014 – June 30, 2023.

⁽¹⁾ Subsequent Year Adopted Budget General Fund Revenues (less use of fund balance).

Fund Structure and Uses Policy. This policy establishes the structure or and relationship between County and School governmental and proprietary funds, including internal services funds and enterprise funds. The policy states the accounting and budgetary procedures utilized for each fund type and provides a description and purpose of each of the County’s governmental funds.

Grant Management Policy. This policy establishes procedures for applying for, accepting, appropriating, managing, and closing out grants on behalf of the County or where the County Government is a sponsor or fiscal agent. The policy identifies roles and responsibilities as well as establishes level of approval needed for different kinds of grants.

Volunteer Fire and Rescue Financial Management Policy. In order to ensure that taxes and donated dollars allocated to volunteer fire and rescue companies are protected from fraud, embezzlement and inappropriate use, the Board of Supervisors has established this policy in an effort to ensure funds allocated for use for the Fauquier County Fire and Rescue System are protected from inappropriate use and to establish consistent and effective internal controls over the financial practices of volunteer fire and rescue companies operating within the County. This policy covers many aspects of financial management including receipt and disbursement of funds, account reconciliation, credit cards and p-cards, procurement, fixed assets, financial reporting and oversight, and release of County payments. The Board of Supervisors has also made all tax supported funding for each volunteer company contingent upon compliance with this policy.

Description of Funds

The annual audited financial statements of the County include the funds administered by the Board of Supervisors and the County School Board. The accounts of the County are organized on the basis of funds or account groups, each of which is considered to be a separate accounting entity. The transactions in each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, fund balance or net assets, revenues and expenditures. The County's accounting policies conform to generally accepted accounting principles ("GAAP") for governmental units as prescribed by the Governmental Accounting Standards Board. For a description of the funds and account groups included in the County's annual basic financial statements, see Note 1 to the Basic Financial Statements included in this Official Statement as **Appendix D**.

Budgetary Procedures

Virginia law requires the County to maintain a balanced budget in each fiscal year. The County lacks legal authority to borrow in anticipation of future fiscal year's revenues, except by the issuance of short-term bonds or bond anticipation notes.

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

1. Annual budgets are legally adopted for all governmental funds on a basis consistent with GAAP except for all custodial funds and the following Special Revenue funds: Social Services Fund, Opioid Abatement Fund, Parks and Recreation Fund, Library Fund, Marshall Electric Light and Business Improvement District Fund, Proffer Fund, Stormwater Management Fund, the Vint Hill Transportation Fund, Vint Hill Community Enrichment Fund, Treasurer's E-Summons Fund, Project Lifesaver Fund, Working Together Committee Fund, and the Fire and Rescue USDA Debt Service Fund.
2. The County Administrator submits to the Board of Supervisors a proposed operating budget for the fiscal year commencing the following July 1st, as well as a five-year capital improvements and asset replacement plan with the related budget for the fiscal year commencing the following July 1st, with the proposed tax rates required to fund such matters. The budget is ordinarily proposed in the month of February of each calendar year, but no later than the first week of March. The operating and capital improvements budget includes proposed expenditures and the means of financing them. At least one public hearing is conducted to obtain resident comments on the budget, capital improvements plan, and tax rates.
3. 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 Virginia Code. 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.
4. 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 County's Office of Management and Budget approves all intra-departmental transfers. Departments must reconcile personnel, operations, and capital budgets with expenditures on a category basis.

5. An inter-departmental transfer moves budget authority between two departments or agencies in the same fund. The County's 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 Virginia Code.

GENERAL FUND REVENUES, EXPENDITURES AND TRANSFERS

The General Fund is maintained by the County to account for revenue derived from County-wide ad valorem taxes, other local taxes, licenses, fees, permits, charges for services, certain revenue from Federal and state governments, and interest earned on invested cash balances of the General Fund and Capital Projects Funds. General Fund expenditures and transfers include the costs of general County government and contributions to the School General Fund to pay the local share of operating Fauquier County public schools. Contributions to Schools are shown as an education expense to the County.

Revenues

The following is a discussion of the General Fund revenue structure.

Property Taxes. An annual ad valorem tax is levied by the County on the assessed value of real and tangible personal property located within the County as of January 1 in the calendar year in which said tax is due. Real estate is assessed at 100% of its fair market value on a quadrennial basis. Real property taxes are due on June 5 and December 5 and personal property taxes are due on October 5 of the calendar year in which they are levied. The penalty for late payment is 10%, and interest on delinquent taxes and penalties currently accrues at a rate of 10% per annum. In cases of property on which delinquent taxes are not paid within three years, the County may sell the property at public auction to pay the amounts due or seek civil judgments immediately upon delinquency. There is no legal limit at the present time on the property tax rates which may be established by the County. In the fiscal year ended June 30, 2023, property taxes (including penalties and interest for late payment of prior years' taxes) represented approximately 71.6% of total General Fund revenues.

Other Local Taxes. Other local taxes include local sales and use taxes, consumer utility taxes, public utility license tax, business, professional and occupation license tax, motor vehicle licenses, vehicle fuel sales tax, taxes on recordation of wills, cable TV franchise, bank stock and lodging. For the fiscal year ended June 30, 2023, other local taxes represented approximately 11% of total General Fund revenue.

Permits, Privilege Fees and Regulatory. The County requires that licenses or permits be obtained in order to perform certain activities in the County and that fees be paid for services provided by certain County departments, such as animal licenses, building and zoning permits and fees and land use application fees. For fiscal year ended June 30, 2023, these revenues represented approximately 0.8% of total General Fund revenues. These revenues include building permits, inspection fees and subdivision site plan fees.

Revenue from Use of Money and Property. The principal source of revenue from the use of money and property to the General Fund is interest on General Fund and Capital Projects Fund investments. These revenues represented approximately 0.1% of General Fund revenues for the fiscal year ended June 30, 2023.

Charges for Services. The principal sources of revenue to the General Fund from charges for services are County clerk fees, recreation fees, publication sales and various other services for which the County charges a fee. Revenues in this category represented approximately 0.5% of General Fund revenues for the fiscal year ended June 30, 2023.

Intergovernmental and Miscellaneous Revenue. The County is reimbursed by the Commonwealth of Virginia for a portion of shared expenses including certain expenditures for Social Services, the Sheriff's Office, Courts, the Office of the Commonwealth's Attorney, and other constitutional officers. The County also receives a share of the net profits of the State Alcoholic Beverage Control Board's liquor sales and certain other state contributions. Effective 1999, this classification includes amounts reimbursed by the Commonwealth for Personal Property Tax under the Personal Property Tax Relief Act of 1998. In addition, the General Fund accounts for the receipt of certain Federal grants. Intergovernmental revenue accounted for approximately 13.8% of General Fund revenues for the fiscal year ended June 30, 2023.

Expenditures and Transfers

The following is a discussion of the major classifications of General Fund expenditures and transfers.

Contributions to School Fund. Because the Schools are a separate component unit of the County, the County contributes funds from the General Fund to pay the County's share of the costs of operating public schools in the County. The County's education expense represented approximately 43% of total disbursements from the General Fund in the fiscal year ended June 30, 2023, and for the Schools represented approximately 57% of total School Operating Fund revenues. Other revenues credited directly to the School General Fund, the School Textbook Fund and the School Cafeteria Funds include revenue from the Federal government, the Commonwealth of Virginia, and other revenue derived locally from sale of textbooks, school lunches, and other sources.

Costs of General County Government. The County pays from the General Fund the costs of general county government. These costs include expenditures for general government administration, judicial administration, public safety, public works, health and welfare, parks and recreation, cultural and community development and debt service. This classification represented approximately 42% of total General Fund disbursements in the fiscal year ended June 30, 2023.

Transfer to Capital Projects. The County transfers funds from the General Fund to the Capital Projects Funds to pay the cost of or make a contribution to the cost of various capital improvement projects. These costs include infrastructure improvements, acquisition of land and buildings, library additions and communications. This classification represented approximately 7% of total General Fund disbursements in the fiscal year ended June 30, 2023.

Transfer to Debt Service. The County transfers funds from the General Fund to the Capital Projects Funds to pay the cost of or contributes to the cost of various capital improvement projects. These costs include infrastructure improvements, acquisition of land and buildings, library additions and communications. This classification represented approximately 5% of total General Fund disbursements in the fiscal year ended June 30, 2023.

Transfer to Asset Replacement. The County transfers funds from the General Fund to the Capital Asset Replacement Fund to pay the cost of replacing County Assets such as vehicles and technology. This classification represented approximately 2% of total General Fund disbursements in the fiscal year ended June 30, 2023.

GENERAL FUND SUMMARY

The following table presents a comparative summary for fiscal years ended June 30, 2019 through 2023, and includes the County's revenues, expenditures and changes in fund balances accounted for in the County's General Fund. The summary has been compiled from the financial statements of the County and should be read in conjunction with the related financial statements and footnotes thereto included in this Official Statement as **Appendix D**.

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General Fund Five-Year Comparative Statement of Revenues, Expenditures, and Changes in Fund Balances

	2019	2020	2021	2022 ⁽¹⁾	2023
Revenues:					
General property and other local taxes	\$134,777,826	\$136,605,333	\$140,513,935	\$151,268,463	\$165,214,379
Other local taxes	17,150,014	18,588,693	22,468,869	21,394,897	25,995,690
Permits, privilege fees, and regulatory licenses	1,799,330	1,555,569	1,731,540	1,879,154	1,923,754
Fines and forfeitures	505,326	345,274	331,505	397,763	421,816
Revenue from use of money and property	1,215,846	1,009,848	499,879	347,332	3,338,317
Charges for services	1,018,441	704,904	721,402	1,178,383	1,192,271
Gifts and donations	68,355	49,785	21,129	27,775	30,698
Recovered costs	310,536	409,746	264,008	312,257	460,134
Miscellaneous	310,461	408,339	279,038	249,805	442,514
Intergovernmental:					
Commonwealth of Virginia	26,689,107	27,335,380	26,475,078	26,664,578	27,448,083
Federal Government	3,467,481	3,705,950	3,795,397	3,560,217	4,431,660
Total revenues	<u>\$187,312,723</u>	<u>\$190,718,821</u>	<u>\$197,101,780</u>	<u>\$207,280,624</u>	<u>\$230,899,316</u>
Expenditures:					
Current operating:					
General government administration	\$ 14,125,547	\$ 13,895,413	\$ 15,936,919	\$ 16,129,378	\$ 17,453,561
Judicial administration	4,096,274	4,141,391	4,262,175	4,518,982	4,737,320
Public Safety	21,056,023	21,668,742	21,957,464	23,179,982	25,592,870
Public Works	8,254,828	8,088,705	5,119,971	5,279,863	5,871,802
Health and Welfare	12,599,575	13,235,443	13,412,258	13,799,725	14,649,069
Education	89,245,889	91,693,472	88,223,736	95,252,091	95,670,774
Parks, recreating, and cultural	6,602,760	6,328,750	6,070,583	7,245,896	8,203,683
Community development	5,975,720	5,995,973	6,058,743	6,181,906	6,471,924
Nondepartmental	605,562	615,025	591,151	556,049	686,732
Capital outlay - leases	-	-	-	110,264	181,580
Capital outlay - subscriptions	-	-	-	-	223,826
Debt service:					
Lease principal	-	-	-	351,513	369,537
Lease interest	-	-	-	8,347	10,289
Subscription principal	--	-	-	-	627,826
Subscription interest	-	-	-	-	4,546
Total expenditures	<u>\$162,562,178</u>	<u>\$165,662,914</u>	<u>\$161,633,000</u>	<u>\$172,613,996</u>	<u>\$180,755,339</u>
Excess (deficiency) of revenues over (under) expenditures	\$ 24,750,545	\$ 25,055,907	\$ 35,468,780	\$ 34,666,628	\$ 50,143,977
Other financing sources (uses)					
Transfers in	\$261,662	\$ 358,754	\$ 358,657	\$ 417,843	\$ 440,498
Transfers (out)	(23,811,862)	(24,972,147)	(27,163,665)	(26,547,769)	(41,380,264)
Leases	-	-	-	110,264	181,581
Subscriptions	-	-	-	-	223,823
Total other financing sources (uses)	<u>(\$ 23,450,200)</u>	<u>(\$ 24,613,393)</u>	<u>(\$ 26,805,008)</u>	<u>(\$ 26,019,662)</u>	<u>(\$ 40,534,362)</u>
Net change in fund balances	\$ 1,300,345	\$ 442,514	\$ 8,663,772	\$ 8,646,966	\$ 9,609,615

Source: Fauquier County Annual Comprehensive Financial Reports for Fiscal Years ended June 30, 2019 through 2023.

⁽¹⁾ Reflects the implementation of GASB 96.

General Fund Five-Year Comparative Statement of Fund Balances

	2019	2020	2021	2022	2023
Nonspendable	\$ 0	\$ 0	\$ 0	\$ 4,003	\$ 8,030
Restricted	183,022	199,039	192,296	1,065,670	1,932,519
Committed	1,884,459	5,587,507	4,117,569	2,958,215	3,342,377
Assigned	8,936,622	6,295,917	13,455,156	16,264,452	17,148,016
Unassigned	21,191,160	20,555,314	23,536,528	29,656,175	37,127,188
	<u>\$32,195,263</u>	<u>\$32,637,777</u>	<u>\$41,301,549</u>	<u>\$49,948,515</u>	<u>\$59,558,130</u>

Source: Fauquier County Annual Comprehensive Financial Reports for Fiscal Years ended June 30, 2019 through 2023.

General Fund Budget

In the County's fiscal year 2025 adopted budget, General Fund expenditures have only moderately increased from the General Fund expenditures in the fiscal year 2024 budget. The County has conservative financial policies, including strong budget-to-actual results, conservation fund balances and investment policies and moderate budget estimates for revenue performance.

Fiscal Years 2024 and 2025 Adopted Budgets - General Fund

Category	FY 2024 Budget	FY 2025 Budget
<u>Revenue</u>		
General Property Taxes	\$153,003,063	\$159,801,802
Other Local Taxes	24,306,975	24,262,475
Permits, Licenses & Fees	1,521,700	2,046,406
Fines & Forfeitures	355,429	390,334
Use of Money & Property	1,194,526	1,490,303
Charges for Services	1,041,008	1,147,417
Miscellaneous Revenue	589,679	611,250
Recovered Costs	88,614	74,167
Intergovernmental Revenue	31,820,786	36,719,276
Other Financing Sources	525,046	723,834
Total Revenue	\$214,446,826	\$227,267,264
<u>Expenditures</u>		
Personnel	\$ 62,455,390	\$65,012,615
Operating	13,733,121	14,610,864
Capital	93,612	85,212
Other Charges	15,197,631	15,581,564
Other Use of Funds	122,967,072	131,977,009
Total Expenditures	\$214,446,826	\$227,267,264
Net Change in Fund Balance:		
Fund Balance, July 1:	\$ 59,558,129	\$ 61,923,904
Fund Balance, June 30:	\$ 59,558,129	\$ 61,923,904

Source: FY 2025 Adopted Budget, Office of Management and Budget, Fauquier County.

Preliminary FY 2024 Results

Based on preliminary, unaudited financial information available for the Fiscal Year ended June 30, 2024, the County anticipates realizing an operating surplus of approximately \$22 million, driven by revenues exceeding budgeted revenues by approximately \$16 million and expenditures being approximately \$6 million lower than budgeted. Appropriations from Fiscal Year 2023 carryover included approximately \$18 million for various reserves, including fully funding the newly adopted Budget Stabilization Reserve Fund, the Capital Projects Fund, and the Facilities Reserve. The net result for Fiscal Year 2024 is an increase to the County's General Fund balance of approximately \$3 million to \$5 million. Final, audited results for the Fiscal Year 2024, are not anticipated to be available until December 2024. Such final, audited information may differ from the preliminary, unaudited information described above, and such differences may be material.

ECONOMIC AND DEMOGRAPHIC FACTORS

Population

The County has experienced generally steady growth in population since 2014. Since 2014, the County's estimated population has increased by 9.2%. Selected population statistics are shown below.

Year	Population
2014	67,539
2015	68,225
2016	68,858
2017	69,517
2018	70,539
2019	71,612
2020	73,036
2021	73,291
2022	73,536
2023	73,731

Source: University of Virginia Weldon Cooper Center for Public Service (2023).

Commerce, Industry and Employment

The County's economy is closely related to the other localities located within the Washington Metropolitan Statistical Area. As such, many County residents who are included in its civilian labor force are employed outside of the County's boundaries. Recent data from the Virginia Employment Commission indicates a County civilian labor force of 38,687 in calendar year 2023, of which 37,710 were employed, resulting in an average annual unemployment rate of 2.5% for such year. The table below provides comparative average annual unemployment rates for the County, the Commonwealth of Virginia, and the United States.

Calendar Year	Fauquier County	Commonwealth of Virginia	United States
2014	4.5%	5.1%	6.2%
2015	3.9	4.4	5.3
2016	3.4	4.0	4.9
2017	3.2	3.7	4.4
2018	2.6	3.0	3.9
2019	2.4	2.8	3.7
2020	4.9	6.4	8.1
2021	3.0	3.9	5.3
2022	2.5	2.8	3.6
2023	2.5	2.9	3.6

Source: Virginia Employment Commission, Economic Information & Analytics, Local Area Unemployment Statistics.

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Income

By a variety of measures, personal income of County residents exceeds state averages and is comparable to nearby Virginia localities. Certain estimates of per capita income for the most recently available year in the County and the Commonwealth of Virginia are presented below.

The following tables provide comparative per capita income and median household income figures for the County, the Commonwealth of Virginia and the United States for selected years:

Per Capita Income			
Calendar Year	Fauquier County	Commonwealth of Virginia	United States
2014	\$59,074	\$49,764	\$46,287
2015	62,099	51,620	48,060
2016	63,423	52,659	48,971
2017	66,030	54,380	51,004
2018	67,732	56,133	53,309
2019	70,734	58,368	55,547
2020	74,288	61,469	59,151
2021	79,392	66,838	64,427
2022	82,872	69,021	65,473
2023	*	72,855	68,531

Sources: Bureau of Economic Analysis, "CAINC1 County and MSA personal income summary: personal income, population, per capita personal income" and "SAINC1 State annual personal income summary: personal income, population, per capita income". <https://apps.bea.gov> (Accessed 6/12/2024).

* The Bureau of Economic Analysis is scheduled to release county-level 2023 per capita income data on November 14, 2024.

Median Household Income			
Calendar Year	Fauquier County	Commonwealth of Virginia	United States
2014	92,078	64,792	53,482
2015	91,609	65,015	53,889
2016	91,221	66,149	55,322
2017	97,775	68,766	57,652
2018	97,469	71,564	60,293
2019	100,783	74,222	62,843
2020	105,665	76,398	64,994
2021	111,368	80,615	69,021
2022	122,785	87,249	75,149
2023	*	*	*

Sources: U.S. Census Bureau. "Median Household Income in the Past 12 Months." American Community Survey, ACS 5-Year Estimates Data Table.

* The 2023 American Community Survey data is scheduled for release on December 12, 2024.

Transportation

The County is served by Interstate Highway 66 connecting the County to Washington, D.C., to the east. Primary highways in the County include U.S. Routes 29, 15 and 50 and State Route 28 which link the County to the D.C. areas and points south and west while U.S. Route 17 runs through the County north-south. Air transportation service is provided at Dulles International Airport (30 miles) and Ronald Reagan Washington National Airport (38 miles). The Warrenton-Fauquier Airport provides general aviation facilities including a 5,100-foot expanded runway. Rail freight access is provided in the Warrenton and Marshall areas by Norfolk-Southern. Amtrak passenger stations are located directly south of the County line in the City of Fredericksburg, east in the City of Manassas and west in

the Town of Culpeper. Virginia Railway Express commuter rail stations are located in the adjoining Cities of Fredericksburg and Manassas and in Prince William County.

Major Employers

The major employers located within the County are presented below.

Major Employers (as of December 30, 2023)

Employer	Type of Business	Total Number of Employees
Fauquier County School Board	Education	1,000 and over
County of Fauquier	Government	500 to 999
U.S. Department of Transportation	Government	500 to 999
Fauquier Health System	Healthcare	500 to 999
Walmart Associates Inc.	Discount retail	250 to 499
Town of Warrenton	Government	100 to 249
Food Lion	Grocery store	100 to 249
White Horse OPCO LLC	Car Wash	100 to 249
Blue Ridge Orthopedic Associates	Healthcare	100 to 249
The Home Depot	Retail	100 to 249

Source: Virginia Employment Commission, Economic Information & Analytics, Quarterly Census of Employment, 4th Quarter 2023.

Taxable Retail Sales

The following table presents the taxable retail sales and retail sales per capita for the five recent calendar years.

Calendar Year	Population	Taxable Retail Sales	Per Capita
2019	71,612	\$ 828,264,733	\$11,566
2020	73,036	847,782,373	11,608
2021	73,291	947,146,409	12,923
2022	73,536	1,028,747,199	13,990
2023	73,731	1,089,914,457	14,782

Sources: Sources: University of Virginia Weldon Cooper Center for Public Service. (2023). Taxable Sales Data by Locality. Retrieved from <https://coopercenter.org/taxable-sales>; University of Virginia Weldon Cooper Center for Public Service. (2023). Virginia Population Estimates. Retrieved from <https://coopercenter.org/virginia-population-estimates>

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Construction Activity

Selected data are presented below to illustrate construction activity in the County over the last ten fiscal years.

Construction Information Last Ten Fiscal Years

Fiscal Year Ended June 30	Number of Permits	Value
2014	1,899	\$ 93,326,666
2015	1,544	106,404,942
2016	1,625	104,270,068
2017	1,901	120,585,022
2018	2,060	119,447,093
2019	2,056	117,057,571
2020	1,965	76,462,463
2021	2,294	80,404,183
2022	2,154	129,946,753
2023	2,385	158,552,815

Source: Community Development Department, Fauquier County.

Housing

The following data is presented to illustrate the types of residential housing available in the County. As shown below, single family housing units are the dominant housing type.

Occupied Housing Units By Type

	Number of Units	Percent of Total
Total Occupied Units	26,011	100.0%
Single-Family	24,131	85.1
Duplex/Townhome Units	1,445	5.4
Apartment 2-9 Units	945	3.2
Apartment 10 or more Units	1,168	4.3
Mobile Home or other	529	2.0

Source: U.S. Census Bureau. "Physical Housing Characteristics for Occupied Housing Units. "American Community Survey, 2022 ACS 5-Year Estimates Subject Tables. <https://data.census.gov> (Accessed 6/20/2024).

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TAX BASE DATA

The following data illustrates the trends and characteristics of the value of taxable property, property tax rates, tax collection experience, and the largest taxpayers.

Assessed Value and Estimated Actual Value of Real Property⁽¹⁾ Last Ten Calendar Years

Calendar Year	Residential Property	Commercial Property	Agricultural Property	Public Service SCC Assessed	Total Taxable Real Property Assessed Value	Add: Tax-Exempt Real Property	Total Value
2014	\$ 7,266,298,800	\$1,133,663,200	\$1,690,497,600	\$661,631,726	\$10,752,091,326	\$ 928,023,400	\$11,680,114,726
2015	7,349,773,300	1,144,905,900	1,701,191,600	650,126,899	10,845,997,699	915,822,500	11,761,820,199
2016	7,445,077,000	1,163,896,000	1,718,320,400	654,744,149	10,982,037,549	919,663,200	11,901,700,749
2017	7,538,017,200	1,176,883,900	1,720,140,700	657,629,104	11,092,670,904	912,299,000	12,004,969,904
2018	8,801,964,400	1,201,542,000	1,931,881,600	639,357,088	12,574,745,088	930,513,800	13,505,258,888
2019	8,902,352,800	1,204,551,400	1,938,119,500	747,411,827	12,792,435,527	946,805,100	13,739,240,627
2020	8,998,105,200	1,213,702,700	1,954,430,300	738,721,754	12,904,959,954	953,451,100	13,858,411,054
2021	9,100,673,700	1,216,267,000	1,962,211,000	752,797,325	13,031,949,025	962,927,200	13,994,876,225
2022	11,658,433,600	1,373,722,600	2,421,031,500	703,485,269	16,156,672,969	1,113,002,100	17,269,675,069
2023	11,799,727,000	1,375,410,400	2,456,678,500	824,384,856	16,456,200,756	1,122,502,500	17,578,703,256

Source: Commissioner of the Revenue, Fauquier County.

⁽¹⁾ Property in Fauquier County is reassessed once every four years at actual market value, per the Virginia Code.

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**Property Tax Levies and Collections
Last Ten Fiscal Years**

Calendar 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 Tax Levy	Amount	Amount	Percentage of Tax Levy
2014	\$135,048,317	\$(2,063,071)	\$132,985,246	\$131,489,753	98.88%	\$1,283,056	\$132,772,809	99.84%
2015	139,715,498	(2,229,634)	137,485,864	136,752,914	99.47	522,251	137,275,165	99.85
2016	145,116,299	(2,225,014)	142,891,285	141,729,823	99.19	921,277	142,651,100	99.83
2017	150,925,791	(2,237,453)	148,688,338	147,622,593	99.28	945,136	148,567,729	99.92
2018	158,308,472	(2,685,925)	155,622,547	153,416,764	98.58	1,864,216	155,280,980	99.78
2019	166,591,947	(3,366,808)	163,225,139	161,869,811	99.17	911,101	162,780,912	99.73
2020	171,215,609	(3,777,404)	167,438,205	164,860,431	98.46	1,698,477	166,558,908	99.47
2021	172,413,193	(1,625,970)	170,787,223	168,570,314	98.70	1,051,974	169,622,288	99.32
2022	190,503,388	(3,024,315)	187,479,073	184,743,971	98.54	2,262,441	187,006,411	99.75
2023	203,622,266	(3,528,418)	200,093,848	197,502,620	98.70	-	197,502,620	98.70

Source: Fauquier County Annual Comprehensive Financial Report for Fiscal Year ended June 30, 2023.

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**Property Tax Rates
Last Ten Fiscal Years
(rates per \$100 assessed value)**

Calendar Year	Real Estate	Personal Property	Airplanes	Machinery & Tools	Handicapped Equipment	Campers Trailers Boats	Mobile Homes	Buses with 30 or more Passengers	Business Furniture Fixtures and Equipment	Fire & Rescue
2014	\$0.992	\$4.650	\$0.001	\$2.300	\$0.050	\$1.500	\$0.992	\$1.000	\$2.300	\$0.250
2015	0.999	4.650	0.001	2.300	0.050	1.500	0.999	1.000	2.300	0.250
2016	1.039	4.650	0.001	2.300	0.050	1.500	1.039	1.000	2.300	0.250
2017	1.039	4.650	0.001	2.300	0.050	1.500	1.039	1.000	2.300	0.250
2018	0.982	4.650	0.001	2.300	0.050	1.500	0.982	1.000	2.300	0.250
2019	0.994	4.650	0.001	2.300	0.050	1.500	0.994	1.000	2.300	0.250
2020	0.994	4.650	0.001	2.300	0.050	1.500	0.994	1.000	2.300	0.250
2021	0.994	4.650	0.001	2.300	0.050	1.500	0.994	1.000	2.300	0.250
2022	0.903	3.450	0.003	3.450	0.050	1.500	0.903	1.000	3.450	0.250
2023	0.903	3.450	0.003	3.450	0.050	1.500	0.903	1.000	3.450	0.250

Source: Fauquier County Annual Comprehensive Financial Report for Fiscal Year ended June 30, 2023.

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**Assessed Value and Estimated Actual Value of Personal Property
Last Ten Calendar Years**

Calendar Year	General Property	Segregated Properties	Total Personal Property Assessed Value
2014	\$ 613,509,167	\$112,808,209	\$ 726,317,376
2015	638,448,282	120,276,397	758,724,679
2016	663,841,809	140,649,248	804,491,057
2017	705,905,506	169,961,267	875,866,773
2018	730,253,242	167,217,815	897,471,057
2019	760,595,780	236,130,768	996,726,548
2020	796,099,795	241,645,539	1,037,745,334
2021	795,706,697	243,309,126	1,039,015,823
2022	1,095,772,606	363,548,773	1,459,321,379
2023	1,417,234,488	350,966,606	1,768,201,094

Source: Fauquier County Commissioner of the Revenue.

**Overlapping Governments
Property Tax Rates
Last Ten Fiscal Years**

Calendar Year	<u>Town of Warrenton</u>		<u>Town of Remington</u>		<u>Town of The Plains</u>	
	Real Estate	Personal Property	Real Estate	Personal Property	Real Property	Personal Property
2014	\$0.015	\$1.000	\$0.125	\$1.100	\$0.040	\$0.500
2015	0.015	1.000	0.125	1.100	0.040	0.500
2016	0.050	1.000	0.125	1.100	0.040	0.500
2017	0.050	1.000	0.125	1.100	0.040	0.500
2018	0.050	1.000	0.125	1.100	0.040	0.500
2019	0.050	1.000	0.125	1.100	0.040	0.500
2020	0.050	1.000	0.125	1.100	0.040	0.500
2021	0.050	1.000	0.125	1.100	0.040	0.500
2022	0.040	1.000	0.125	1.100	0.040	0.500
2023	0.040	1.000	0.125	1.100	0.040	0.500

Sources: Towns of Warrenton, Remington and The Plains.

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**Ten Largest Real Property Taxpayers
June 30, 2023**

Taxpayer	Type of Business	Assessed Value	Percent of Total Assessed Valuation
Virginia Electric & Power Company	Utility	\$511,835,462	3.11%
Old Dominion Electric Co-op	Utility	93,894,336	0.57
Fauquier Medical Center LLC	Health Care	80,364,200	0.49
Northern Virginia Electric Co-op	Utility	40,283,096	0.24
Warrenton Center LLC	Shopping Center	33,606,000	0.20
Amazon Data Center LLC	Data Center	31,282,500	0.19
Rappahannock Electric Co-op	Utility	26,632,929	0.16
Fauquier Long-Term Care LLC	Health Care	25,494,595	0.15
Verizon - Virginia, Inc.	Utility	22,771,700	0.14
Norfolk Southern Railway Company	Transportation	21,854,473	0.13
Total Assessed Value of Real Property of Ten Largest Taxpayers		\$888,019,291	5.38%

Source: Fauquier County Annual Comprehensive Financial Report for Fiscal Year ended June 30, 2023.

**Ten Largest Personal Property Taxpayers
June 30, 2023**

Taxpayer	Type of Business	Assessed Value	Percent of Total Assessed Valuation
Amazon Data Services Inc	Data Center	\$79,856,144	6.39%
Microsoft Corporation	Technology	56,507,332	4.26
B&M Crane LLC	Construction	32,232,878	1.98
Data Center Vint Hill LLC	Data Center	27,026,087	1.97
LCI Companies Inc.	Demolition/Excavation	8,080,681	0.93
Fauquier Medical Center LLC	Healthcare	7,645,777	0.51
Vulcan Construction Materials LP	Construction	7,090,276	0.42
Luck Stone Corporation	Construction	6,731,120	0.42
Comcast of CA/MD/PA/VA/WV LLC	Technology	6,599,458	0.41
LCI Virginia Inc.	Demolition/Excavation	6,139,341	0.41
Total Assessed Value of Personal Property of Ten Largest Taxpayers		\$237,909,094	17.70%

Source: Fauquier County Annual Comprehensive Financial Report for Fiscal Year ended June 30, 2023.

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The Fauquier County Commissioner of the Revenue administers a real estate tax relief program for eligible homeowners who are 65 years of age and older, preceding the taxable year. Applicants must reside in the dwelling where tax relief is being requested and meet income and asset guidelines.

Tax Relief for the Elderly

Calendar Year	Total Taxable Value of Parcels in Tax Relief
2014	\$245,089,100
2015	245,484,600
2016	252,923,550
2017	265,523,200
2018	308,813,800
2019	320,165,900
2020	338,265,400
2021	375,442,575
2022	466,059,960
2023	501,228,000

Source: Fauquier County Commissioner of the Revenue

DEBT ADMINISTRATION

Pursuant to the Constitution of Virginia and the Public Finance Act, a county in Virginia is authorized to issue general obligation bonds secured by a pledge of its full faith and credit. For the payment of such bonds the governing body of the county is required to levy, if necessary, an annual ad valorem tax on all property in the county subject to local taxation. Although the issuance of bonds by Virginia counties is not subject to statutory limitation, counties generally are prohibited from issuing general obligation bonds unless the issuance of such bonds has been approved by public referendum. This referendum requirement does not apply to bonds for capital projects for school purposes sold to the Literary Fund, the Virginia Public School Authority or any other State agency prescribed by law.

As of June 30, 2023, the County had the following long-term obligations outstanding:

General Obligation ⁽¹⁾	\$ 65,460,000
Revenue Bonds	25,810,794
Capital Leases	15,008,582
Other Long-Term Commitments ⁽²⁾	7,193,020
Total Long-Term Debt Obligations	\$113,472,396

⁽¹⁾ Includes the County's directly-issued general obligation debt and the County's school bonds issued to the Virginia Public School Authority.

⁽²⁾ USDA Volunteer Fire and Rescue Debt.

Other than the proposed issuance of the 2024 Bonds, the County has not issued or incurred any bond indebtedness since June 30, 2023.

Rapidly of Principal Repayment of General Fund Supported Debt As of June 30, 2023

Maturing Within	Amount Maturing	Percent of Total Debt
5 Years	\$ 49,928,330	44.0%
10 Years	79,005,590	69.6%
15 Years	100,306,907	88.4%
20 Years	112,380,179	99.0%

Source: Fauquier County Annual Comprehensive Financial Report for FY 2023; modeling by Davenport & Company LLC.

County Debt Issuance and Management Policy

This policy establishes procedures for the financing of major capital projects and policies for the issuance and management of debt. This policy applies to debt financing of all General County Government and School Division projects and the management of outstanding debt and other long-term financing, and such activities associated with the Fire and Rescue Levy Fund and Conservation Easement Service District Levy Fund. This policy states the County's commitment to fund the Capital Improvement Program from at least 10% non-debt sources and sets limits on the amount of debt that can be taken out, the size of debt service, and the size of fixed costs. This policy limits the County's ability to take out interest-bearing debt to 3% of assessed value of real estate in the County. This policy also limits debt service payments to at or below 10% of the total budgeted revenue of the County's three Funds supported by real estate taxes. This policy also commits the County to keeping fixed costs, including tax-supported debt service, annual pension contributions and annual contributions for Other Post-Employment Benefits, to within 25% of the total budgeted revenue of the County's three Funds supported by real estate taxes.

Other Authorized General Obligation Debt

There are no authorized and unissued general obligation bonds approved by referendum.

Underlying Debt

There are three incorporated towns within the County: the Towns of Warrenton, Remington and The Plains. As of June 30, 2023, Remington and The Plains had no outstanding debt. The Town of Warrenton reported \$27,248,241 of long-term debt obligations as of June 30, 2023.*

Contingent Liabilities

Northwestern Regional Jail Authority. The Northwestern Regional Jail Authority was created pursuant to a concurrent resolution to manage and house prisoners from the City of Winchester and the Counties of Clarke, Fauquier and Frederick. From time to time, the Northwestern Regional Jail Authority issues revenue bonds to finance and refinance its regional jail facilities. Pursuant to the Second Amended and Restated Regional Jail Agreement dated as of June 1, 2005, the County's payment obligations are subject to annual appropriation.

The participating jurisdictions pay their ratable share of the facilities charges in accordance with a formula to approximate the actual proportionate use of the jail facilities by the participating jurisdictions based on the average prisoners per day for each participating jurisdiction in the preceding three fiscal years, divided by the total average prisoners per day of all the participating jurisdictions for the same period of time. In the fiscal year ended June 30, 2023, the County made contributions totaling approximately \$2,858,022, which constituted approximately 17.47% of the regional jail's operating expenses, including debt service.

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* Source: Town of Warrenton Annual Comprehensive Financial Report for Year Ended June 30, 2023.

Debt Service Ratios

Set forth in the tables below are selected data regarding the County's ratio of net general bonded debt to assessed value and annual debt service requirements to total general government expenditures, as well as information regarding the County's net bond debt per capita for the last ten fiscal years.

Ratio of Net General Obligation Bonded Debt to Assessed Value and Net Bonded Debt Per Capita

Fiscal Year	Net Bonded Debt	Real Estate Assessed Value	Net General Bonded Debt as % of Assessed Value	Population	Net Bonded Debt Per Capita
2014	\$100,610,041	\$11,680,114,726	0.86%	67,539	\$1,490
2015	93,483,763	11,761,820,199	0.79	68,225	1,370
2016	85,539,845	11,901,700,749	0.72	68,858	1,242
2017	77,559,277	12,004,969,904	0.65	69,517	1,116
2018	69,690,766	13,505,258,888	0.52	70,539	988
2019	62,071,307	13,739,240,627	0.45	71,612	867
2020	54,490,279	13,858,411,054	0.39	73,036	745
2021	46,945,573	13,994,876,225	0.34	73,291	641
2022	57,728,242	17,269,675,069	0.33	73,536	785
2023	50,465,050	17,578,703,256	0.29	73,731	684

Sources: Fauquier County Annual Comprehensive Financial Report for Fiscal Year ended June 30, 2023.
University of Virginia Weldon Cooper Center for Public Service. (2023). Virginia Population Estimates. Retrieved from <https://coopercenter.org/virginia-population-estimates>

Ratio of Annual Debt Service Expenditures for General Obligation Bonded Debt to Total General Governmental Expenditures

Fiscal Year Ended June 30	Tax-Supported Debt Service Requirements ⁽¹⁾	Total General Fund Non-Capital Expenditures	Percent
2014	\$13,999,129	\$171,655,749	8.16%
2015	13,322,440	175,809,258	7.58
2016	13,210,751	179,188,921	7.37
2017	13,408,788	188,850,896	7.10
2018	11,841,388	190,132,905	6.23
2019	11,972,538	205,479,215	5.83
2020	12,922,604	204,792,999	6.31
2021	12,954,717	207,711,755	6.24
2022	12,655,473	209,789,107	6.03
2023	13,395,806	230,852,153	5.80

Source: Fauquier County Annual Comprehensive Financial Report for Fiscal Year ended June 30, 2023.

⁽¹⁾ In Virginia, School Boards do not have direct borrowing or taxing authority, therefore the County issues debt on behalf of the School Board to finance school facilities projects. Because of this arrangement, 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.

**Debt Service by Fiscal Year
Tax-Supported Debt Service
(including the Series 2024 Bonds)**

Fiscal Year	<div style="display: flex; justify-content: space-between;"> <div> <i>plus:</i> Series 2024 Bonds </div> <div> <i>equals:</i> Total Debt </div> </div>								
	Principal	Interest	Total Debt Service	Principal	Interest	Total Debt Service	Principal	Interest	Total Debt Service
2024	\$ 11,143,251	\$ 4,062,727	\$ 15,205,978	-	-	-	\$11,143,251	\$4,062,727	\$15,205,978
2025	10,705,713	3,685,189	14,390,902	-	\$ 897,027	\$ 897,027	10,705,713	4,582,216	15,287,929
2026	10,615,077	3,317,986	13,933,062	\$ 370,000	2,187,550	2,557,550	10,985,077	5,505,536	16,490,612
2027	9,758,543	2,975,230	12,733,773	1,370,000	2,144,050	3,514,050	11,128,543	5,119,280	16,247,823
2028	7,705,746	2,667,331	10,373,077	1,435,000	2,073,925	3,508,925	9,140,746	4,741,256	13,882,002
2029	6,148,717	2,407,943	8,556,660	1,510,000	2,000,300	3,510,300	7,658,717	4,408,243	12,066,960
2030	6,213,752	2,187,973	8,401,725	1,590,000	1,922,800	3,512,800	7,803,752	4,110,773	11,914,525
2031	5,725,383	1,762,005	7,487,388	1,675,000	1,841,175	3,516,175	7,400,383	3,603,180	11,003,563
2032	5,387,826	1,336,443	6,724,270	1,755,000	1,755,425	3,510,425	7,142,826	3,091,868	10,234,695
2033	5,601,582	1,122,667	6,724,249	1,845,000	1,665,425	3,510,425	7,446,582	2,788,092	10,234,674
2034	4,926,696	939,268	5,865,964	1,935,000	1,570,925	3,505,925	6,861,696	2,510,193	9,371,889
2035	4,637,330	794,416	5,431,746	2,040,000	1,471,550	3,511,550	6,677,330	2,265,966	8,943,296
2036	4,127,966	662,600	4,790,566	2,145,000	1,366,925	3,511,925	6,272,966	2,029,525	8,302,491
2037	3,755,495	554,808	4,310,302	2,250,000	1,257,050	3,507,050	6,005,495	1,811,858	7,817,352
2038	3,853,831	450,109	4,303,940	2,370,000	1,141,550	3,511,550	6,223,831	1,591,659	7,815,490
2039	3,967,691	340,498	4,308,189	2,490,000	1,020,050	3,510,050	6,457,691	1,360,548	7,818,239
2040	3,092,095	240,980	3,333,075	2,615,000	892,425	3,507,425	5,707,095	1,133,405	6,840,500
2041	2,262,066	165,845	2,427,911	2,750,000	758,300	3,508,300	5,012,066	924,145	5,936,211
2042	2,322,625	101,944	2,424,569	2,890,000	617,300	3,507,300	5,212,625	719,244	5,931,869
2043	428,796	61,302	490,097	3,045,000	468,925	3,513,925	3,473,796	530,227	4,004,022
2044	445,602	44,495	490,097	3,200,000	312,800	3,512,800	3,645,602	357,295	4,002,897
2045	214,113	27,028	241,141	3,340,000	166,000	3,506,000	3,554,113	193,028	3,747,141
2046	187,878	18,209	206,087	2,480,000	49,600	2,529,600	2,667,878	67,809	2,735,687
2047	193,719	10,341	204,060	-	-	-	193,719	10,341	204,060
2048	50,905	2,227	53,132	-	-	-	50,905	2,227	53,132
Total	\$113,472,396	\$29,939,564	\$143,411,959	\$45,100,000	\$27,581,077	\$72,681,077	\$158,572,398	\$57,520,641	\$216,093,036

Source: Fauquier County Annual Comprehensive Financial Report for FY 2023, and modeling by Davenport & Company LLC.

Note: Totals may not foot due to rounding.

CAPITAL IMPROVEMENTS PROGRAM

The Board of Supervisors has approved a Capital Improvements Plan (“CIP”) for five fiscal years ending June 30, 2029. Projects beyond FY 2029 have been assigned to the “future years” category. While the CIP is not intended to be a fixed schedule for the expenditure of funds or the issuance of debt to provide these funds, it does present a plan identifying needed public facilities in the County. It assigns estimated costs to such facilities and anticipated sources of funding.

Each year a new CIP is adopted, with the first year of the program serving as the County’s capital budget for that year in the annual budget. The remaining program years serve as a guide to ongoing project planning and preparation for the following year’s CIP and are incorporated into the County’s five-year operating projection.

The currently adopted CIP is summarized below and includes \$26.1 million in projects planned for fiscal year 2025. Such projects, in combination with projects that have been delayed, reflect an anticipated issuance of approximately \$101.45 million in debt as a source of funding for projects over the five-year planning period. The major project areas include school construction and general public improvements.

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Capital Improvement Cost Summary by Program and Source
Fiscal Years Ending June 30

The CIP indicates the following potential projects.

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY25-29 Total	Future Years	CIP Total⁽¹⁾
Fire & Emergency Services	\$ 0	\$ 778,050	\$13,352,951	\$15,365,151	\$ 0	\$ 29,496,152	\$ 68,669,080	\$ 99,720,266
General Services	0	7,640,000	500,000	4,000,000	0	12,140,000	56,601,000	69,534,000
Library	0	7,442,824	20,072,605	0	0	27,515,429	0	28,470,024
Parks & Recreation	1,176,438	750,000	300,000	200,000	3,371,120	5,797,558	46,911,200	73,522,440
Environmental Services	50,000	50,000	50,000	50,000	50,000	250,000	14,914,282	27,721,151
Utilities Projects	1,637,000	0	0	0	0	1,637,000	5,000,000	14,392,072
Warrenton-Fauquier Airport	18,025	23,523	100,289	123,914	376,283	642,034	673,398	2,474,578
Schools	23,212,468	16,282,364	1,000,000	1,000,000	1,000,000	42,494,832	17,839,809	104,819,018
Total	\$26,093,931	\$32,966,761	\$35,375,845	\$20,739,065	\$4,797,403	\$119,973,005	\$210,608,769	\$420,653,549

The CIP indicates the following potential funding sources for the projects identified above.

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY25-29 Total	Future Years	CIP Total⁽¹⁾
Cash Contribution	\$ 2,087,571	\$ 5,188,092	\$ 5,993,090	\$ 3,310,429	\$1,943,395	\$ 18,522,577	\$ 40,202,846	\$ 81,065,963
Debt Issuance	24,006,360	27,778,669	29,382,755	17,428,636	2,854,008	101,450,429	170,405,923	339,587,586
Total	\$26,093,931	\$32,966,761	\$35,375,845	\$20,739,065	\$4,797,403	\$119,973,005	\$210,608,769	\$420,653,549

Source: Office of Management and Budget, Fauquier County.

⁽¹⁾ CIP Total includes Prior Year Appropriations of Cash/Grant Funding (\$22,340,540) and Debt Financing (\$67,731,235).

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PENSION PLANS

All eligible full-time employees of the County and School Board are automatically enrolled in the Virginia Retirement System (VRS). Funding status and trend information can be found in Note 12 of the County's Basic Financial Statements for the fiscal year ended June 30, 2023, located in **Appendix D** to this Official Statement.

POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

The GASB has adopted a new Statement #45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits other than Pensions*, which requires localities to recognize the post-employment benefits other than pensions (such as healthcare and related costs) that localities have agreed to provide their retired employees. The County implemented this accounting standard in fiscal year 2009. Funding status and the plan description can be found in Note 13 of the County's Basic Financial Statements for the fiscal year ended June 30, 2023, located in **Appendix D** to this Official Statement.

EMPLOYEE RELATIONS

As part of the 2020 legislative session, the Virginia General Assembly voted to provide localities the authority to recognize labor unions or employee associations as bargaining representatives of any public employee bargaining unit for purposes of bargaining collectively for terms and conditions of employment. The legislation was subsequently signed by the Governor with an amendment making this legislation effective May 1, 2021.

To date, the County Board nor the County School Board have not adopted an ordinance or resolution authorizing collective bargaining. In September 2023, the County Board of Supervisors passed a resolution to not adopt an ordinance or resolution to provide for collective bargaining by any public employees of Fauquier County, in response to a request from the local firefighter's union to pass a resolution allowing for collective bargaining.

Under Virginia law, any employees of the County, who, in concert with two or more other such employees, for the purpose of obstructing, impeding or suspending any activity or operation of their employing agency or any other governmental agency, strikes or willfully refuses to perform the duties of their employment, shall, by such action, be deemed to have terminated their employment and shall thereafter be ineligible for employment in any position or capacity during the next twelve months by the Commonwealth of Virginia, or any county, city, town or other political subdivision of the Commonwealth, or by any department or agency thereof.

The County does provide, pursuant to Virginia law, a grievance procedure for the resolution of various personnel complaints.

APPENDIX D

**AUDITED FINANCIAL STATEMENTS OF THE COUNTY
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the 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, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the 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 and for the year ended June 30, 2023, 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 American Rescue Plan (ARP) Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Change in Accounting Principle

As described in Note 1 to the financial statements, in 2023, the County adopted new accounting guidance, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. Our opinions are not modified with respect to this matter.

Restatement of Beginning Balances

As described in Note 1 to the financial statements, in 2023, the County restated beginning balances to correct prior year grant accruals and to reclassify the School Grant Fund as a separate fund. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Specifications for Audits of Counties, Cities, and Towns*, we:

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

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

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2023, on our consideration of 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 County of Fauquier, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Fredericksburg, Virginia
December 12, 2023

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, 2023. 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 2023 FINANCIAL HIGHLIGHTS

The reporting entity, which includes the School Board component unit, had positive net position of \$222.4 million at June 30, 2023, which represents an increase of 25.0% or \$45.9 million from net position at June 30, 2022 of \$176.5 million.

- The total cost of the County's programs for governmental activities were \$230.3 million, an increase of \$32.0 million, or 16.1% from the prior year's cost of \$198.3 million. Total revenues for governmental activities increased \$26.9 million or 11.0% to \$270.6 million from the prior year.
- Net position of the County's governmental activities increased by \$32.5 million from the prior year, as compared to an increase of \$37.5 million in fiscal year 2022.
- At June 30, 2023, the primary government had \$103.4 million of long-term debt outstanding. This includes \$51.6 million of general obligation bonds and \$25.7 million of financing agreements, for governmental activities; \$18.8 million in revenue bonds and \$7.3 in financing agreements, for business-type activities. In addition, the primary government had lease and subscription liabilities of \$2.6 million and \$0.2 million in deferred charges on refunding.
- The County's business-type activities (the Airport, Landfill, and Sewer) had a combined positive net position of \$3.2 million, an increase of \$0.2 million from the prior year. This is mainly due to the decreased landfill expenses in fiscal year 2023.
- The School Board component unit had positive net position of \$48.2 million at June 30, 2023, an increase of \$12.2 million, or 33.9% from the prior year. Revenues, including the County contribution, totaled \$188.1 million, an increase of \$14.0 million from the prior year, and expenses totaled \$175.0 million, an increase of \$10.7 million from prior year's expenses. The increase in expenses was due to increased spending of operating grants and contributions from the Commonwealth of Virginia and Federal sources.
- The Economic Development Authority (EDA) component unit had positive net position of \$0.2 million at June 30, 2023, with minimal change from the prior year. Revenues totaled \$0.02 million, a decrease of \$0.02 million from the prior year, and expenses totaled \$0.002 million, a decrease of \$0.004 million from the prior year.
- As of June 30, 2023, County governmental funds reported combined fund balances of \$118.6 million, an increase of \$17.0 million from the prior year. The County's General Fund had a total fund balance of \$59.6 million at June 30, 2023. Of the General Fund balance, \$17.1 million, or 28.7% was assigned fund balance, \$37.1 million, or 62.3% was unassigned fund balance, and the remaining was restricted,

committed, and non-spendable fund balance. Refer to Note 14 for details regarding the various components of fund balance.

- General Fund revenues were \$23.1 million over the amended budget. Expenditures savings of \$6.8 million were the result of less than budgeted spending by in various County Departments.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The Introductory Section includes the letter of transmittal, a copy of the fiscal year 2022 Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association, the County's organizational chart, and a list of principal officials.
- The Financial Section includes the Independent Auditors' Report, management's discussion and analysis (this section), the basic financial statements, required supplemental information and combining and individual fund statements and schedules.
- The Statistical Section includes selected financial and demographic data related to the County, generally presented on a multi-year basis.
- The Compliance Section is required under the provisions of Single Audit Act of 1984 and the U.S. Office of Management and Budget guidance in Title 2 of the Code of Federal Regulations, Part 200 of the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, Subpart F and includes the auditors' reports on compliance and internal controls.

Financial Section Overview

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

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

Government-Wide Financial Statements

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

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

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

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

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

separate entities and are discretely presented in this annual financial report. Additional information on the component units can be found in Note 1 of the Notes to Financial Statements section of this report.

Fund Financial Statements

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

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

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

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

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

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

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

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

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

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

The total reporting entity, which includes the School Board and Economic Development Authority component units, had positive net position of \$222.4 million at June 30, 2023. Net position increased from the prior year by \$45.9 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 Unit	
	2022	2023	2022	2023	2022	2023	2022	2023
Assets:								
Current and other assets	\$ 175.5	\$ 177.3	\$ 19.4	\$ 19.7	\$ 194.9	\$ 197.0	\$ 226.6	\$ 229.1
Capital assets, net	<u>109.5</u>	<u>117.9</u>	<u>49.9</u>	<u>51.6</u>	<u>159.4</u>	<u>169.5</u>	<u>316.9</u>	<u>321.3</u>
Total assets	285.0	295.2	69.3	71.3	354.3	366.5	543.5	550.4
Deferred outflows of resources:								
Total deferred outflows of resources	11.9	10.2	0.8	0.8	12.7	11.0	41.4	36.0
Liabilities:								
Other liabilities	35.5	35.5	4.4	3.0	39.9	38.5	145.2	157.4
Long-term obligations	<u>98.5</u>	<u>89.3</u>	<u>61.1</u>	<u>63.5</u>	<u>159.6</u>	<u>152.8</u>	<u>174.7</u>	<u>167.4</u>
Total liabilities	134.0	124.8	65.5	66.5	199.5	191.3	319.9	324.8
Deferred inflows of resources:								
Total deferred inflows of resources	24.6	9.8	1.6	2.4	26.2	12.2	88.5	39.2
Net position:								
Net investment in capital assets	90.2	90.7	37.4	36.2	127.6	126.9	214.5	216.5
Restricted	15.8	12.4	0.5	0.4	16.3	12.8	20.9	16.1
Unrestricted (deficit)	<u>32.3</u>	<u>67.7</u>	<u>(34.9)</u>	<u>(33.4)</u>	<u>(2.6)</u>	<u>34.3</u>	<u>(58.9)</u>	<u>(10.2)</u>
Total net position	<u>\$ 138.3</u>	<u>\$ 170.8</u>	<u>\$ 3.0</u>	<u>\$ 3.2</u>	<u>\$ 141.3</u>	<u>\$ 174.0</u>	<u>\$ 176.5</u>	<u>\$ 222.4</u>

Table 1 may differ from Exhibit 1 due to rounding.

The Primary Government: The primary government had net position of \$174.0 million at June 30, 2023, which reflects an increase of \$32.7 million from the prior year. The largest portion of net position, \$126.9 million, represents the County's other investment in capital assets (e.g., land, buildings, and equipment) less the depreciation and amortization and outstanding debt associated with asset acquisitions. Total restricted and unrestricted net position of the primary government combined was \$47.1 million.

The County has long-term commitments related to the issuance of two financing agreements 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

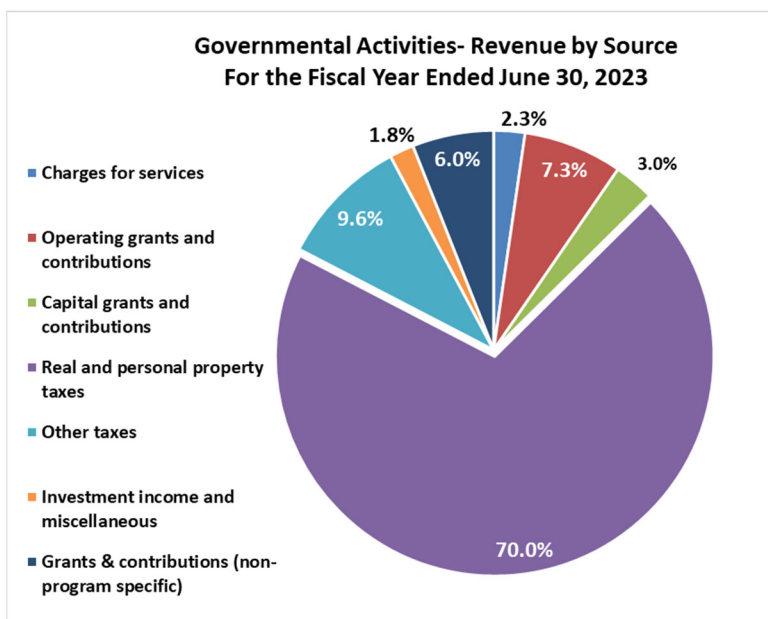
increase the primary government's liabilities with no corresponding asset, the effect is to increase the amount reported as unrestricted (deficit). The County's total of these debts and commitments at June 30, 2023 were \$54.2 million. Refer to Note 8 and Note 9 for further details regarding long-term obligations and commitments.

Business-Type Activities: Business-type activities had combined net position of \$3.2 million at June 30, 2023, which consisted of positive net position of \$24.9 million for the Airport Fund and negative net position of \$30.9 million for the Landfill and Recycling Fund, and positive net position of \$9.2 million for the Sewer Fund. The largest portion of net position, \$36.2 million, reflects investment in capital assets, net of depreciation and outstanding debt. The unrestricted net position for business-type activities at June 30, 2023 was a deficit of \$33.4 million, which reflects a 4.3% decrease to the deficit of \$34.9 million from the prior year. The unrestricted deficit for business-type activities does not indicate that there were insufficient resources available to pay for operations; but that long-term commitments were greater than currently available resources. The commitment to closure and post closure of the landfill is one example of these commitments.

CHANGE IN NET POSITION

Governmental Activities: Total governmental net position (before transfers) increased by \$40.3 million compared to an increase of \$45.4 million in fiscal year 2022.

Revenues from governmental activities for fiscal year 2023 totaled \$270.6 million, an increase of \$26.9 million from fiscal year 2022. Taxes comprised the largest source of revenues, totaling \$215.2 million or 79.6% of total revenues, of which general property taxes account for \$189.2 million. Program revenues (charges for services, operating and capital grants and contributions) generated a total of \$34.3 million, or 12.6% of total revenues, while investment income, miscellaneous revenues and revenues from grants and contributions not restricted to specific programs totaled \$21.1 million, or 7.8% of revenues.



Real and personal property tax revenue increased by \$15.9 million, or 9.2% due to the steady growth the real estate market has been experiencing over the last ten years. Annual growth in real estate tax collection can be attributed to increased assessment values and new construction occurring across the County. Vehicle and personal property values continue to be at historic levels.

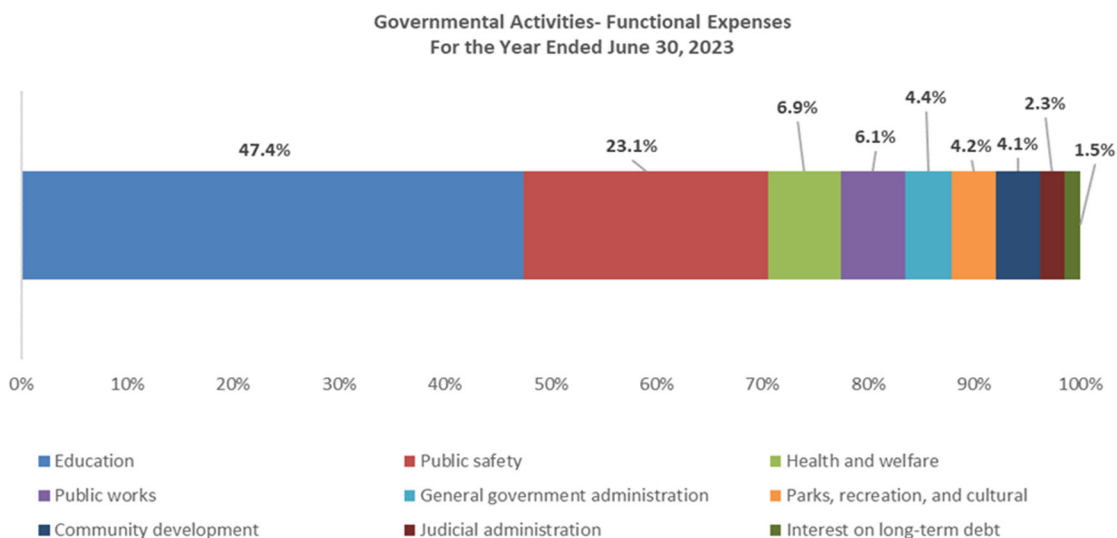
Local sales tax revenue increased by \$0.6 million or 4.1% from the prior year. Consumers' utility taxes, business and professional tax revenue, taxes on recordation and wills, motor vehicle taxes, and other local taxes, collectively increased by \$4.0 million. The County also instituted a meals tax with collections beginning in fiscal year 2023, which accounted for \$4.3 million in additional revenue.

Table 2 summarizes the changes in net position from Exhibit 2 in the Financial Section for the primary government and its component unit at June 30, 2022 and 2023.

Table 2 County of Fauquier Changes in Net Position (\$ in millions)								
	Governmental Activities		Business-Type Activities		Total Primary Government		Total Reporting Entity Including Component Unit	
	2022	2023	2022	2023	2022	2023	2022	2023
Revenues								
Program revenues:								
Charges for services	\$ 5.8	\$ 6.3	\$ 3.6	\$ 5.3	\$ 9.4	\$ 11.6	\$ 10.0	\$ 14.3
Operating grants and contributions	18.6	19.8	-	-	18.6	19.8	52.7	64.3
Capital grants and contributions	6.1	8.2	0.4	0.3	6.5	8.5	6.5	13.2
General revenues:								
Real and personal property taxes	173.3	189.2	-	-	173.3	189.2	173.3	189.2
Other taxes	21.4	26.0	-	-	21.4	26.0	21.4	26.0
Investment income and miscellaneous	2.2	4.9	0.3	1.3	2.5	6.2	6.2	10.5
Grants and contributions	16.3	16.2	-	-	16.3	16.2	55.8	49.4
Contribution to schools	-	-	-	-	-	-	95.2	98.9
Total revenues	243.7	270.6	4.3	6.9	248.0	277.5	421.1	465.8
Expenses								
General government administration	8.6	21.6	-	-	8.6	21.6	8.6	21.6
Judicial administration	4.6	5.1	-	-	4.6	5.1	4.6	5.1
Public safety	45.9	53.9	-	-	45.9	53.9	45.9	53.9
Public works	12.1	8.5	-	-	12.1	8.5	12.1	8.5
Health and welfare	13.7	14.6	-	-	13.7	14.6	13.7	14.6
Education	93.9	100.9	-	-	93.9	100.9	258.2	276.0
Parks, recreation, and cultural	8.4	10.2	-	-	8.4	10.2	8.4	10.2
Community development	8.1	13.0	-	-	8.1	13.0	8.1	13.0
Interest on long-term debt	3.0	2.5	-	-	3.0	2.5	3.0	2.5
Airport	-	-	1.4	2.0	1.4	1.9	1.4	2.0
Landfill and recycling	-	-	27.8	12.2	27.8	12.2	27.8	12.2
Sewer	-	-	-	0.3	-	0.3	-	0.3
Total expenses	198.3	230.3	29.2	14.5	227.5	244.7	391.8	419.9
Increase (decrease) in net position	45.4	40.3	(24.9)	(7.6)	20.5	32.8	29.3	45.9
Transfers	(7.9)	(7.8)	7.9	7.8	-	-	-	-
Change in net position	37.5	32.5	(17.0)	0.2	20.5	32.8	29.3	45.9
Beginning net position, restated	100.8	138.3	20.0	3.0	120.8	141.3	147.2	176.5
Ending net position	\$ 138.3	\$ 170.8	\$ 3.0	\$ 3.2	\$ 141.3	\$ 174.1	\$ 176.5	\$ 222.4

Table 2 may differ from Exhibit 2 due to rounding.

Total expenses for governmental activities for this fiscal year were \$230.3 million, an increase of \$32.0 million from \$198.3 million in fiscal year 2022.



Public safety expenses, which were 23.1% of expenses, increased \$8.0 million due to institution of a step pay scale for public safety employees and increasing overtime costs.

Community development expenses increased primarily due to increased spending for the County's contribution of \$5.4 million for a regional project to increase Broadband access in rural areas.

Education continued to be the County's largest program and highest priority accounting for \$100.9 million, or 47.4% of total expenses. Expenses include the county's contribution to the School Board and support for grant related projects.

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 \$10.7 million in fiscal year 2023. Allocation of the cost of these consolidated functions associated with educational activities is approximately \$7.4 million based on the County's latest cost allocation plan. Recognizing these costs as a function of education, increases educational functional expenses to approximately 69.2% 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			
	(\$ in millions)			
	Total Cost of Services		Net Cost of Services	
	2022	2023	2022	2023
General government administration	\$ 8.6	21.6	\$ 7.6	19.9
Judicial administration	4.6	5.1	2.3	2.9
Public safety	45.9	53.9	36.7	44.7
Public works	12.1	8.5	9.0	7.7
Health and welfare	13.7	14.6	6.4	6.3
Education	93.9	100.9	90.5	97.5
Parks, recreation, and cultural	8.4	10.2	7.2	9.0
Community development	8.1	13.0	5.0	5.4
Interest on long-term debt	3.0	2.5	3.0	2.5
Total	<u>\$ 198.3</u>	<u>230.3</u>	<u>167.7</u>	<u>195.9</u>
Table 3 may differ from Exhibit 2 due to rounding.				

After recognizing the effect of revenue from these fees, grants, and contributions of \$34.4 million, the net cost of governmental activities was \$195.9 million, compared to a total cost of \$230.3 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 include user fees, or charges for services, and capital contributions, or grants, increased by \$2.6 million, or 60.0% from the prior year to \$6.9 million. This net increase is due primarily to an increase in charges for services and investment and miscellaneous revenues from the prior year.

Total expenses for business-type activities were \$14.5 million, a decrease of 50.0%, or \$14.7 million, from the prior year. This decrease is mainly due to the decrease in landfill closure and post closure costs, as costs were remeasured in the prior fiscal year.

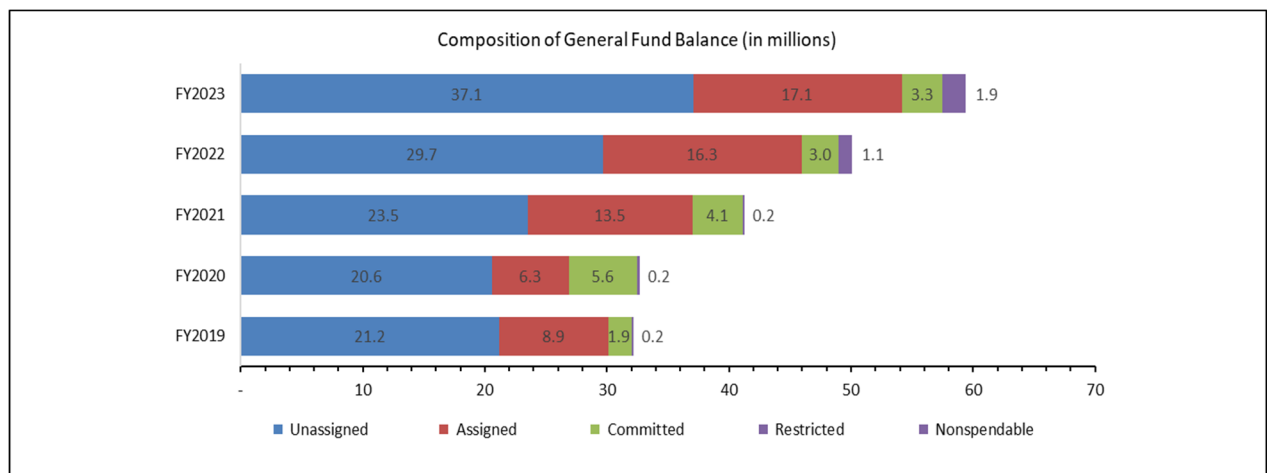
FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

Governmental Funds: As of June 30, 2023, the County's governmental funds reported a combined ending fund balance of \$118.6 million, an increase of \$17.0 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 \$42.3 million, an increase of \$3.9 million from the prior year. Revenues decreased by \$1.7 million mainly due to decreased Federal government grants of \$1.6 million. Expenditures decreased by \$0.4 million mainly due to decreased spending in the Catlett Calverton Sewer project of \$3.1 million and Capital Outlay of \$1.5 million offset mainly by an increased spending in education of \$4.4 million for school construction and renovation projects.
- The Debt Service Fund reported a total fund balance of \$2.7 million, an increase of \$0.8 million from the prior fiscal year. During fiscal year 2023, \$12.3 million in debt principal and interest payments were made, with minimal change from the previous year.
- The Fire and Rescue Fund reported a total fund balance of \$1.1 million, with an increase of \$0.6 from the prior fiscal year. Revenues increased by \$3.6 million, from the prior year primarily due to an increase in General property tax revenues of \$2.9 million and grants totaling \$1.4 million offset primarily due to a decrease in miscellaneous revenue of \$0.6. Expenditures increased \$4.0 million mainly due to increased staffing and overtime costs.
- The American Rescue Plan Fund is used to account for Federal funding to address economic and social recovery efforts responding to the COVID-19 pandemic. \$5.8 million was recognized as revenue in the fiscal year 2023, with the majority spent on a regional collective grant funded project to increase broadband connectivity across the County's rural areas. Remaining unspent funds are reported as unearned revenue on Exhibit 3.
- Other Non-major Governmental Funds reported combined total fund balances of \$12.6 million, an increase of \$1.9 million. Revenues decreased by \$0.2 million, due to a decrease in government grants of \$0.6 million offset by an increase in miscellaneous revenue of \$0.3 million. Expenditures decreased by \$1.9 million mainly due to a decrease of \$1.4 million in community development projects and a decrease in public safety expenditures of \$0.4 million.

- The General Fund reported a total fund balance of \$59.5 million, an increase of 16.1%, or \$9.6 million from the prior year's fund balance of \$49.9 million. Revenues increased by \$23.6 million, while expenditures increased by \$8.1 million mainly due to:
 - \$0.4 million increase in education expenditures.
 - \$2.4 million increase in public safety expenditures due to increased personnel costs for law enforcement, traffic control, and correction and detention.
 - \$1.0 million increase in parks, recreation, and cultural expenditures due to increased personnel, facility maintenance, and equipment replacement.
 - \$0.8 million increase in health and welfare expenditures due to increased personnel costs and for services to clients.
 - \$2.4 million increase in general government administration, judicial administration, public works, and community development due to increased personnel costs.

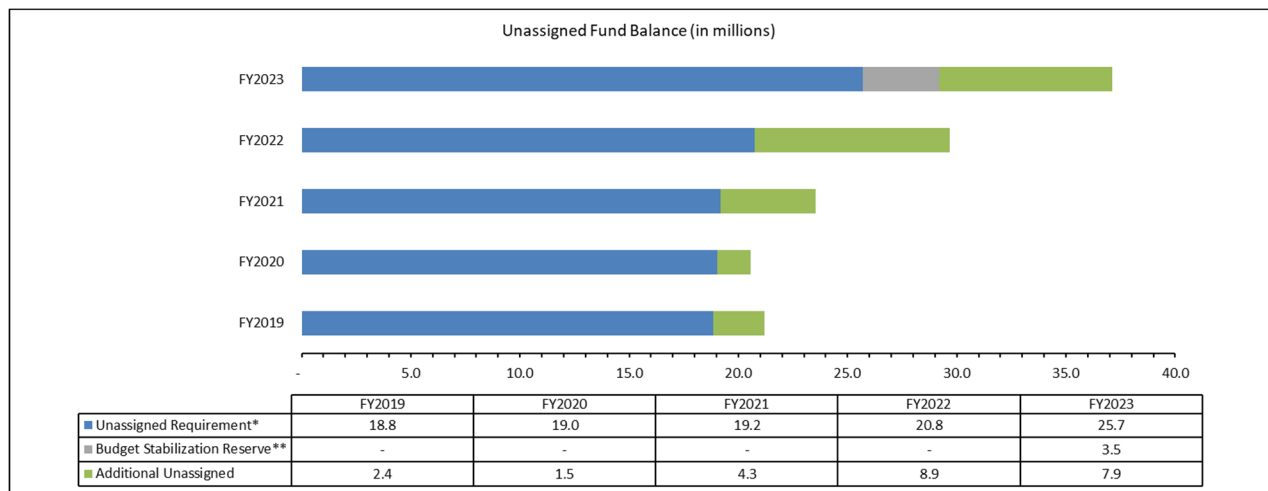
The General Fund's liquidity can be measured by comparing unassigned fund balance to total fund revenues. At the end of the current fiscal year, the General Fund had an unassigned fund balance of \$37.1 million (Exhibit 3). The chart below depicts the composition of the County's General Fund balance for the last five fiscal years.



The Board of Supervisors has adopted a minimum unassigned fund balance requirement for the General Fund of 12.0% of the subsequent year's General Fund revenues for fiscal year 2023. The minimum unassigned fund balance requirement was increased from 10% to 12% beginning with fiscal year 2023 as the Board of Supervisors adopted changes to the Fund Balance Management Policy. This 12.0% 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.

Changes to the Fund Balance Management policy also included the establishment of a Budget Stabilization Reserve of 3% of the total General Fund Adopted budgeted revenue (less any budgeted use of fund balance) as part of unassigned fund balance. The Budget Stabilization Reserve is to be used to offset any unexpected revenue or one-time expenditure variances during any fiscal year. The County allocated \$3.5 million to the Budget Stabilization Reserve and will continue to allocate funds over the next few fiscal year until the 3% target stipulated in the policy is met.

The minimum unassigned fund balance target for fiscal year 2023 was \$25.7 million. Amounts in excess of the 12.0% minimum and Budget Stabilization Reserve requirement may be available for future uses to be determined by the Board of Supervisors.



Note: The graph depicts the historical unassigned fund balance requirement of 10% for FY2019-FY2022. For FY2023 and forward the graph reflects the unassigned fund balance requirement at 12% and the establishment of the Budget Stabilization Reserve as adopted by the Board of Supervisors beginning in fiscal year 2023.

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, 2023 (\$ in millions)			
	Original Budget	Amended Budget	Actual
Revenues			
Taxes	\$ 172.0	\$ 172.0	\$ 191.2
Other	3.9	4.1	7.8
Intergovernmental	31.3	31.7	31.9
Total revenues	207.2	207.8	230.9
Expenditures	184.7	187.6	180.8
Excess (deficiency) of revenues over (under) expenditures	22.5	20.2	50.1
Other financing sources (uses)			
Transfers in	0.4	0.4	0.4
Transfers out	(24.6)	(41.4)	(41.4)
Leases	-	0.2	0.2
Subscriptions	-	0.2	0.2
Total other financing sources (uses)	(24.2)	(40.6)	(40.6)
Change in fund balance	\$ (1.7)	\$ (20.4)	\$ 9.5

Table 4 may differ from Exhibit 7 due to rounding.

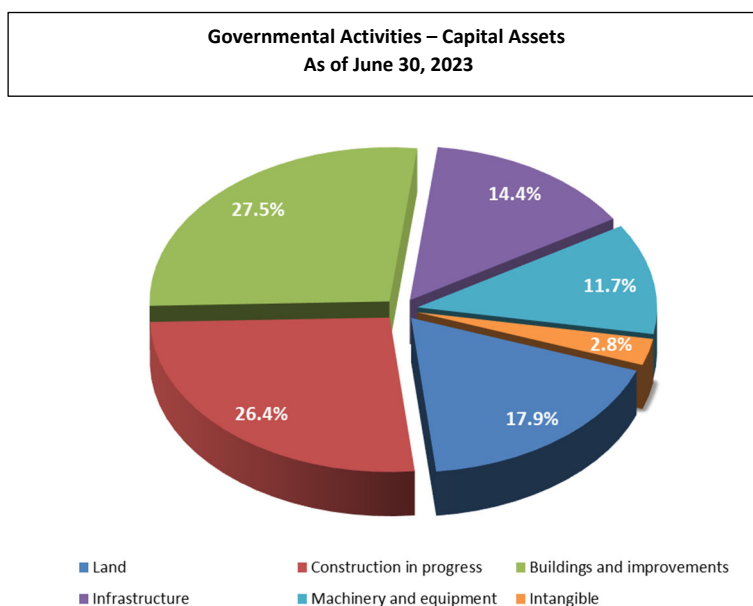
During the year, budget amendments approved by the Board of Supervisors could be classified in the following key categories:

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

Final amended budget revenues exceeded the original budget by \$0.6 million, primarily due to budget increases from the Federal funding sources. Actual revenues were \$23.1 million over the amended budget mainly due to an increase in taxes collected based on increased property values because of reassessment. Actual expenditures for the General Fund totaled \$180.8 million, or \$6.8 million less than the amended budget.

CAPITAL ASSETS

The County's capital assets include purchased or rented for use in operations and the provisions of services to citizens. These assets include public safety, buildings (libraries, office buildings and space, schools, etc.), parks and recreation facilities, machinery, equipment, vehicles, infrastructure, and depreciable and non-depreciable intangible assets. Lease and subscription assets represent intangible right to use assets for assets leased and information technology subscriptions used in the course of business as noted in the graph.



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.

<div>Table 5</div> <div>County of Fauquier</div> <div>Capital Assets</div> <div>(\$ in millions)</div>								
	Governmental		Business-Type		Total		Total	
	Activities		Activities		Primary		Reporting Entity	
	2022	2023	2022	2023	Government		Including	Component Unit
					2022	2023	2022	2023
Land	\$ 23.7	\$ 20.3	\$ 8.6	\$ 8.6	\$ 32.3	\$ 28.9	\$ 37.9	\$ 34.4
Construction In progress	15.4	31.1	17.4	6.3	32.8	37.4	33.4	38.6
Intangible assets (non-depreciable)	0.9	0.9	0.2	0.2	1.1	1.1	1.1	1.1
Buildings and improvements	63.5	63.7	29.7	29.7	93.2	93.4	349.8	350.2
Infrastructure	32.4	32.4	19.5	34.0	51.9	66.4	57.3	72.2
Machinery and equipment	34.9	36.3	3.8	3.4	38.7	39.7	78.2	81.3
Intangible assets	1.4	1.5	-	-	1.4	1.5	1.5	1.5
Intangible right to use assets	3.4	3.8	0.2	0.3	3.6	4.1	4.9	5.7
Total capital assets	175.6	190.0	79.4	82.5	255.0	272.5	564.1	585.0
Less: Accumulated depreciation/amortization	(66.1)	(72.1)	(29.5)	(30.9)	(95.6)	(103.0)	(247.2)	(263.7)
Net capital assets	\$ 109.5	\$ 117.9	\$ 49.9	\$ 51.6	\$ 159.4	\$ 169.5	\$ 316.9	\$ 321.3

Table 5 may differ from Note 7 due to rounding.

As of June 30, 2023, the total reporting entity had net capital assets of \$321.3 million, an increase of \$4.4 million from the prior year. This increase is primarily due to net additions of capital assets offset by additions of accumulated depreciation and amortization expense.

The County implemented Governmental Accounting Standards Board Statement (GASB) No. 96 resulted in the inclusion of intangible right to use assets related to information technology subscriptions. The fiscal year 2022 balances reflect \$1.7 million and \$0.3 million in intangible right to use assets for Governmental Activities and the School Board, respectively, as a result of the implementation of GASB 96.

For governmental activities, the County's investment in non-depreciable assets totaled \$52.3 million, while depreciable/amortizable assets totaled \$65.6 million (net of depreciation/amortization). Total capital assets for governmental activities increased by \$8.4 million, from the prior year to \$117.9 million. The increase is due to additions and deletions of capital assets for governmental activities exceeding depreciation/amortization expense in the current year. During the fiscal year, the following additions were made to assets:

- Governmental activity reductions were approximately \$0.4 million with a large portion being a reduction in Construction in Progress due to the construction projects completing.
- Business-type activity reductions were approximately \$1.4 million, mainly from a reduction in construction and increase in infrastructure related to the Catlett-Calverton Wastewater Treatment Project, landfill projects, and airport projects.

More information on 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, 2022	Net Increase (Decrease)	June 30, 2023
Governmental Activities:			
Financing agreements	\$ 28.1	\$ (2.4)	\$ 25.7
General obligation bonds	58.8	(7.2)	51.6
Total debt	86.9	(9.6)	77.3
Lease and subscription liabilities	3.0	(0.6)	2.4
Compensated absences	5.5	0.9	6.4
Incurred but not reported claims (IBNR)	3.1	0.1	3.2
Total long-term obligations	98.5	(9.2)	89.3
Business-Type Activities:			
Financing agreements	7.6	(0.3)	7.3
Revenue bonds	18.6	0.2	18.8
Total debt	26.2	(0.1)	26.1
Lease and subscription liabilities	0.2	-	0.2
Compensated absences	0.2	-	0.2
Landfill closure and post closure	34.5	2.5	37.0
Total long-term obligations	61.1	2.4	63.5
Total long-term obligations	\$ 159.6	\$ (6.8)	\$ 152.8

Table 6 may differ from Note 8 due to rounding.

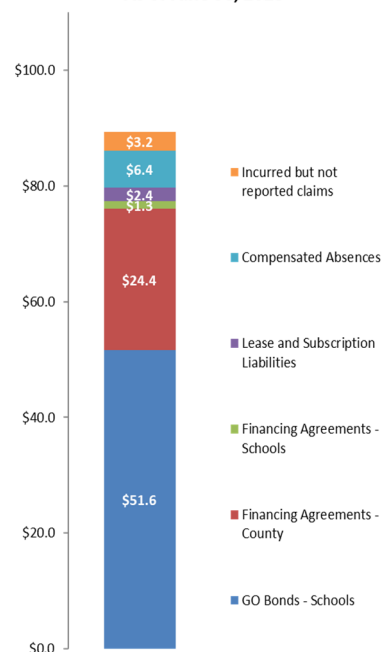
As of June 30, 2023, the County's governmental activities had long-term obligations totaling \$89.3 million, of which \$79.7 million represents indebtedness related to general obligation bonds, financing agreements, and lease and subscription liabilities. The County did not issue or refund any debt during fiscal year 2023.

Long-term obligations for Governmental Activities are related general obligation debts for school infrastructure as well as financing agreements for County and school related infrastructure and equipment. The chart on the right summarizes the composition of the Governmental Activities long term obligations at June 30, 2023.

Long-term obligations for governmental activities decreased \$9.2 million from the prior year. The net decrease is due primarily to the following activities during the fiscal year:

- The County retired \$9.6 million in principal and premium on outstanding debt.
- The County made \$0.6 million in payments on lease and subscription liabilities and entered into \$0.5 million in lease and subscription agreements.

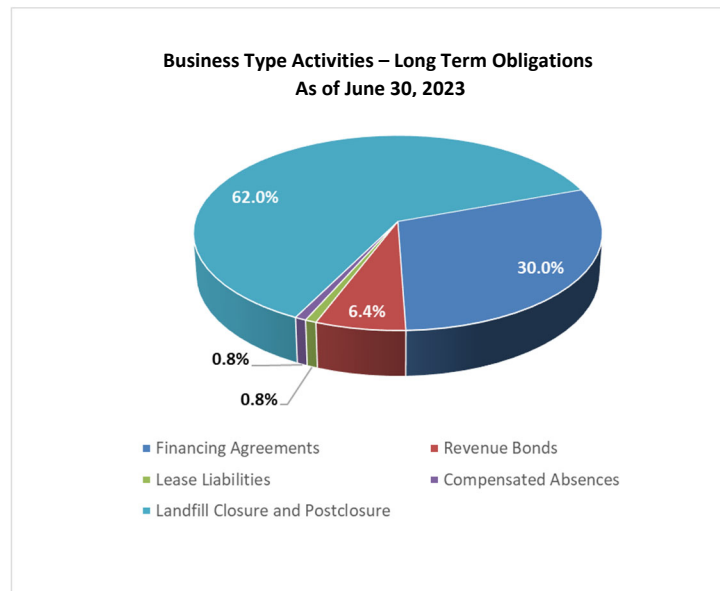
**Governmental Activities -
Long-term obligations
As of June 30, 2023**



- Liabilities related to compensated absences increased by \$0.9 million.
- Incurred but not reported claims related to employee health care decreased by \$0.1 million from the prior year.

As of June 30, 2023, the County's business-type activities had long-term obligations totaling \$63.5 million, of which \$26.3 million represents indebtedness related to financing agreements, revenue bonds and lease liabilities. This represents an increase of \$2.4 million from the prior fiscal year. The net decrease is to the following activities during the fiscal year:

- The Landfill closure and post closure liability increased by \$2.5 million from the prior year, due to updated materials and cost estimates by the engineering consultant.
- The Landfill Fund retired \$0.8 million of principal during the fiscal year.
- The Sewer Fund had outstanding debt on the Virginia Water Facilities Revolving Fund and the County drew down \$1.2 million of the remaining approved loan amount from the fund. \$0.3 million of principal was retired on this debt during the fiscal year. The drawdown of loan funds



was used to reimburse the County for costs related to construction of the Catlett- Calverton Waste Water and Sewer Facility which was completed in fiscal year 2023. 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 2023 was 2.5%, which is 0.1% lower than in June 2022. Unemployment rates are decreasing as the County recovers from the COVID- 19 pandemic's impact on businesses and employment. This compares favorably to the Commonwealth of Virginia's average rate of 2.5% and the national average rate of 4.7%. Unemployment rates for the last ten years are provided in Table 13 of the Statistical Section of this report.
- According to the Weldon Cooper Center for Public Service, Fauquier County's population was estimated to be 73,536, as of July 1, 2023. Population estimates for the last ten years are provided in Table 13 of the Statistical Section of this report.
- The enrollment in public schools increased in fiscal year 2023 by 0.23%, from 10,648 to 10,672, mainly due to recovery of student enrollment with the return to in-person learning in fiscal year 2022. School enrollment for the last ten years is provided in Table 13 of the Statistical Section of this report.

- The latest available per capita personal income for Fauquier County was \$82,872 as of fiscal year 2022, as compared to \$78,810 as of fiscal year 2021, 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 13 of the Statistical Section of this report.
- The County Civilian Labor Force increased from 38,342 to 39,779 as of fiscal year 2023. County Civilian Labor Workforce numbers for the last ten years are provided in Table 13 of the Statistical Section of this report.

Fiscal Year 2024 Budget and Rates

- The fiscal year 2024 adopted budget for the General Fund is \$214.4 million, an increase of 2.5% from fiscal year 2023. The revenue budget is comprised of general property taxes (71.3%), local taxes (11.3%), permits, privilege fees and regulatory licenses (0.7%), charges for services (0.5%), revenues from the Commonwealth of Virginia (12.9%), revenues from the Federal government (1.8%), and other revenues (1.8%).
- For fiscal year 2024, the County's contribution to and on behalf of the School Board component unit is \$105.8 million which includes the County's contribution to the School Board's operating fund of \$95.8 million and \$7.5 million contributed to the Debt Service Fund for school related debt. Support to the Schools represents 48.2% of the General Fund appropriations, not including the allocation of shared services which represents an additional 4.1% of local support. The percentage of General Fund appropriations supporting Schools is 2.3% less than fiscal year 2023.
- Public safety accounts for 12.4% of appropriations in fiscal year 2024, the second largest component of budgeted expenditures. Public safety volunteers are partially funded by a dedicated real property tax of \$0.140 per \$100 of assessed value for tax year 2023. This tax partially supports County and volunteer fire and rescue operations.
- The tax rate for real property was \$.903 per \$100 of assessed value for tax year 2023 which is to support the fiscal year 2024. Detail on tax rates is provided in Table 6 of the 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) 422-8331, 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, 2023

Exhibit 1
Page 1 of 4

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 122,447,774	\$ 3,583,762	\$ 126,031,536
Cash and cash equivalents - restricted	23,789,316	11,108,422	34,897,738
Cash and cash equivalents - activity funds	-	-	-
Receivables, net of allowance for uncollectibles:			
Taxes, including penalties	6,384,545	-	6,384,545
Accounts	4,093,541	2,278,859	6,372,400
Lease receivables	1,035,225	2,126,250	3,161,475
Lease interest receivables	1,191	-	1,191
Loan receivable	-	-	-
Inventories	300,858	45,337	346,195
Prepaid items	710,048	-	710,048
Investment in direct financing agreement	12,789,032	-	12,789,032
Due from other governmental units	5,260,637	520,742	5,781,379
Note receivable	525,383	-	525,383
Net pension asset	-	-	-
Net OPEB asset	-	-	-
Capital assets (non-depreciable/non-amortizable):			
Land	20,331,081	8,616,667	28,947,748
Construction in progress	31,063,676	6,295,398	37,359,074
Intangible assets	853,884	228,836	1,082,720
Total capital assets (non-depreciable/non-amortizable)	52,248,641	15,140,901	67,389,542
Other capital assets:			
Buildings and improvements	63,711,763	29,675,079	93,386,842
Infrastructure	32,362,017	33,997,806	66,359,823
Machinery and equipment	36,329,856	3,427,965	39,757,821
Intangible assets	1,460,946	-	1,460,946
Accumulated depreciation/amortization	(70,666,386)	(30,840,780)	(101,507,166)
Total other capital assets, net	63,198,196	36,260,070	99,458,266
Intangible right-to-use assets:			
Lease land	-	225,350	225,350
Lease buildings and improvements	1,328,488	-	1,328,488
Lease infrastructure	109,625	-	109,625
Lease machinery and equipment	443,329	66,107	509,436
Subscription assets	1,918,496	-	1,918,496
Accumulated amortization	(1,366,453)	(102,352)	(1,468,805)
Total intangible right-to-use assets, net	2,433,485	189,105	2,622,590
Total capital assets (depreciable/amortizable), net	65,631,681	36,449,175	102,080,856
Total capital assets, net	117,880,322	51,590,076	169,470,398
Total assets	295,217,872	71,253,448	366,471,320
Deferred outflows of resources			
Deferred charge on refundings	333,128	369,117	702,245
Items related to measurement of net pension liability	3,141,245	122,385	3,263,630
Pension contributions subsequent to measurement date	5,270,752	205,354	5,476,106
Items related to measurement of net OPEB liability	1,219,928	47,216	1,267,144
OPEB contributions subsequent to measurement date	260,118	10,162	270,280
Total deferred outflows of resources	\$ 10,225,171	\$ 754,234	\$ 10,979,405

The accompanying notes to the 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		
					Assets
\$ 170,993	\$ 19,535,622	\$ -	\$ 145,738,151		Cash and cash equivalents
-	364,255	-	35,261,993		Cash and cash equivalents - restricted
-	1,946,470	-	1,946,470		Cash and cash equivalents - activity funds
-	-	-	6,384,545		Receivables, net of allowance for uncollectibles:
-	166,213	-	6,538,613		Taxes, including penalties
-	-	-	3,161,475		Accounts
-	-	-	1,191		Lease receivables
29,715	-	-	29,715		Lease interest receivables
-	169,085	-	515,280		Loan receivable
-	333,757	-	1,043,805		Inventories
-	-	-	12,789,032		Prepaid items
-	6,065,588	-	11,846,967		Investment in direct financing agreement
-	-	-	525,383		Due from other governmental units
-	3,258,106	-	3,258,106		Note receivable
-	17,221	-	17,221		Net pension asset
-	-	-	-		Net OPEB asset
-	5,543,520	-	34,491,268		Capital assets (non-depreciable/non-amortizable):
-	1,176,657	-	38,535,731		Land
-	-	-	1,082,720		Construction in progress
-	-	-	-		Intangible assets
-	6,720,177	-	74,109,719		Total capital assets (non-depreciable/non-amortizable)
-	256,755,545	-	350,142,387		Other capital assets:
-	5,814,335	-	72,174,158		Buildings and improvements
-	41,585,825	-	81,343,646		Infrastructure
-	-	-	1,460,946		Machinery and equipment
-	(159,977,342)	-	(261,484,508)		Intangible assets
-	144,178,363	-	243,636,629		Accumulated depreciation/amortization
-	-	-	-		Total other capital assets, net
-	-	-	225,350		Intangible right-to-use assets:
-	-	-	1,328,488		Lease land
-	-	-	109,625		Lease buildings and improvements
-	1,223,138	-	1,732,574		Lease infrastructure
-	425,652	-	2,344,148		Lease machinery and equipment
-	(697,640)	-	(2,166,445)		Subscription assets
-	951,150	-	3,573,740		Accumulated amortization
-	145,129,513	-	247,210,369		Total intangible right-to-use assets, net
-	151,849,690	-	321,320,088		Total capital assets (depreciable/amortizable), net
200,708	183,706,007	-	550,378,035		Total capital assets, net
-	-	-	-		Total assets
-	-	-	-		Deferred outflows of resources
-	-	-	702,245		Deferred charge on refundings
-	7,794,321	-	11,057,951		Items related to measurement of net pension liability
-	14,112,578	-	19,588,684		Pension contributions subsequent to measurement date
-	1,509,001	-	2,776,145		Items related to measurement of net OPEB liability
-	1,625,022	-	1,895,302		OPEB contributions subsequent to measurement date
\$ -	\$ 25,040,922	\$ -	\$ 36,020,327		Total deferred outflows of resources

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

COUNTY OF FAUQUIER, VIRGINIA

Statement of Net Position
June 30, 2023

Exhibit 1
Page 3 of 4

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Liabilities			
Accounts payable	\$ 5,929,842	\$ 809,043	\$ 6,738,885
Accrued and other liabilities	4,558,281	98,997	4,657,278
Retainage	1,303,912	112,004	1,415,916
Accrued interest payable	1,097,021	158,460	1,255,481
Accrued interest payable - leases	330	8,376	8,706
Unearned revenue	11,296,880	1,378,078	12,674,958
Escrows	194,838	-	194,838
Noncurrent liabilities:			
Due within one year	12,183,803	1,409,317	13,593,120
Due in more than one year	77,128,981	62,056,992	139,185,973
Net pension liability	5,735,525	220,322	5,955,847
Net OPEB liability	5,349,542	207,412	5,556,954
Total liabilities	124,778,955	66,459,001	191,237,956
Deferred inflows of resources			
Revenue advances	1,256,086	-	1,256,086
Leases	1,023,538	2,102,255	3,125,793
Items related to measurement of net pension liability	5,041,385	196,417	5,237,802
Items related to measurement of net OPEB liability	2,521,388	97,420	2,618,808
Total deferred inflows of resources	9,842,397	2,396,092	12,238,489
Net position			
Net investment in capital assets	90,724,862	36,154,917	126,879,779
Restricted for:			
General government administration	486,314	-	486,314
Judicial	63,500	-	63,500
Health and welfare	1,637,939	-	1,637,939
Parks, recreation, and cultural	651,297	-	651,297
Public safety	996,029	-	996,029
Public works	600,714	-	600,714
Community development	907,332	-	907,332
Proffers	5,236,898	-	5,236,898
Capital projects	1,805,551	-	1,805,551
Pensions and OPEB	-	-	-
Other purposes	-	415,417	415,417
Unrestricted (deficit)	67,711,255	(33,417,745)	34,293,510
Total net position	\$ 170,821,691	\$ 3,152,589	\$ 173,974,280

The accompanying notes to the 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		
				Liabilities	
\$ -	\$ 931,673	\$ -	\$ 7,670,558	Accounts payable	
2,181	13,406,014	-	18,065,473	Accrued and other liabilities	
-	-	-	1,415,916	Retainage	
-	79,566	-	1,335,047	Accrued interest payable	
-	5,223	-	13,929	Accrued interest payable - leases	
-	480,448	-	13,155,406	Unearned revenue	
-	-	-	194,838	Escrows	
-	1,511,758	-	15,104,878	Noncurrent liabilities:	
-	13,149,522	-	152,335,495	Due within one year	
-	80,783,232	-	86,739,079	Due in more than one year	
-	23,236,712	-	28,793,666	Net pension liability	
				Net OPEB liability	
2,181	133,584,148	-	324,824,285	Total liabilities	
				Deferred inflows of resources	
-	-	-	1,256,086	Revenue advances	
-	-	-	3,125,793	Leases	
-	22,428,702	-	27,666,504	Items related to measurement of net pension liability	
-	4,527,485	-	7,146,293	Items related to measurement of net OPEB liability	
-	26,956,187	-	39,194,676	Total deferred inflows of resources	
				Net position	
-	141,177,535	(51,590,000)	216,467,314	Net investment in capital assets	
				Restricted for:	
-	-	-	486,314	General government administration	
-	-	-	63,500	Judicial	
-	-	-	1,637,939	Health and welfare	
-	-	-	651,297	Parks, recreation, and cultural	
-	-	-	996,029	Public safety	
-	-	-	600,714	Public works	
-	-	-	907,332	Community development	
-	-	-	5,236,898	Proffers	
-	-	-	1,805,551	Capital projects	
-	3,275,327	-	3,275,327	Pensions and OPEB	
-	-	-	415,417	Other purposes	
198,527	(96,246,268)	51,590,000	(10,164,231)	Unrestricted (deficit)	
\$ 198,527	\$ 48,206,594	\$ -	\$ 222,379,401	Total net position	

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

COUNTY OF FAUQUIER, VIRGINIA

Statement of Activities
Fiscal Year Ended June 30, 2023

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	\$ 21,559,837	\$ 494,303	\$ 1,183,170	\$ -	\$ (19,882,364)	\$ -	\$ (19,882,364)
Judicial administration	5,081,017	523,466	1,657,138	-	(2,900,413)	-	(2,900,413)
Public safety	53,905,020	2,424,647	6,760,237	26,600	(44,693,536)	-	(44,693,536)
Public works	8,446,969	-	322,668	454,699	(7,669,602)	-	(7,669,602)
Health and welfare	14,623,248	3,996	8,339,425	-	(6,279,827)	-	(6,279,827)
Education	100,925,930	-	(4,353,212)	7,730,267	(97,548,875)	-	(97,548,875)
Parks, recreation, and cultural	10,149,709	793,321	305,009	46,703	(9,004,676)	-	(9,004,676)
Community development	13,036,719	2,030,524	5,575,211	-	(5,430,984)	-	(5,430,984)
Interest on long-term debt	2,536,989	-	-	-	(2,536,989)	-	(2,536,989)
Total governmental activities	<u>230,265,438</u>	<u>6,270,257</u>	<u>19,789,646</u>	<u>8,258,269</u>	<u>(195,947,266)</u>	<u>-</u>	<u>(195,947,266)</u>
Business-type activities:							
Airport	2,010,613	992,841	13,258	253,039	-	(751,475)	(751,475)
Landfill and recycling	12,236,590	2,290,813	26,863	-	-	(9,918,914)	(9,918,914)
Sewer	331,442	2,026,402	-	-	-	1,694,960	1,694,960
Total business-type activities	<u>14,578,645</u>	<u>5,310,056</u>	<u>40,121</u>	<u>253,039</u>	<u>-</u>	<u>(8,975,429)</u>	<u>(8,975,429)</u>
Total primary government	<u>244,844,083</u>	<u>11,580,313</u>	<u>19,829,767</u>	<u>8,511,308</u>	<u>(195,947,266)</u>	<u>(8,975,429)</u>	<u>(204,922,695)</u>
Component units							
Economic Development Authority	20,610	10,862	-	-			
School Board	<u>175,010,062</u>	<u>2,639,550</u>	<u>44,491,659</u>	<u>4,735,641</u>			
Total component units	<u>\$ 175,030,672</u>	<u>\$ 2,650,412</u>	<u>\$ 44,491,659</u>	<u>\$ 4,735,641</u>			
General revenues:							
General property taxes					189,225,235	-	189,225,235
Local sales and use taxes					13,946,263	-	13,946,263
Consumers' utility taxes					1,898,443	-	1,898,443
Business and professional taxes					2,982,191	-	2,982,191
Motor vehicle taxes					20,485	-	20,485
Taxes on recordation and wills					1,702,273	-	1,702,273
Other local taxes					5,446,035	-	5,446,035
Contribution from primary government					-	-	-
Investment income					4,510,939	704,134	5,215,073
Miscellaneous					350,174	631,744	981,918
Grants and contributions not restricted to specific programs					16,209,540	-	16,209,540
Transfers					<u>(7,807,658)</u>	<u>7,807,658</u>	<u>-</u>
Total general revenues and transfers					<u>228,483,920</u>	<u>9,143,536</u>	<u>237,627,456</u>
Change in net position					32,536,654	168,107	32,704,761
Net position - beginning, restated					<u>138,285,037</u>	<u>2,984,482</u>	<u>141,269,519</u>
Net position - ending					<u>\$ 170,821,691</u>	<u>\$ 3,152,589</u>	<u>\$ 173,974,280</u>

The accompanying notes to the 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:	
\$ -	\$ -	\$ (19,882,364)	General government administration	
-	-	(2,900,413)	Judicial administration	
-	-	(44,693,536)	Public safety	
-	-	(7,669,602)	Public works	
-	-	(6,279,827)	Health and welfare	
-	-	(97,548,875)	Education	
-	-	(9,004,676)	Parks, recreation, and cultural	
-	-	(5,430,984)	Community development	
-	-	(2,536,989)	Interest on long-term debt	
-	-	(195,947,266)	Total governmental activities	
			Business-type activities:	
-	-	(751,475)	Airport	
-	-	(9,918,914)	Landfill and recycling	
-	-	1,694,960	Sewer	
-	-	(8,975,429)	Total business-type activities	
-	-	(204,922,695)	Total primary government	
			Component units	
(9,748)	-	(9,748)	Economic Development Authority	
-	(123,143,212)	(123,143,212)	School Board	
(9,748)	(123,143,212)	(123,152,960)	Total component units	
			General revenues:	
-	-	189,225,235	General property taxes	
-	-	13,946,263	Local sales and use taxes	
-	-	1,898,443	Consumers' utility taxes	
-	-	2,982,191	Business and professional taxes	
-	-	20,485	Motor vehicle taxes	
-	-	1,702,273	Taxes on recordation and wills	
-	-	5,446,035	Other local taxes	
-	98,881,546	98,881,546	Contribution from primary government	
3,055	249,036	5,467,164	Investment income	
-	3,999,994	4,981,912	Miscellaneous	
-	33,189,730	49,399,270	Grants and contributions not restricted to specific programs	
-	-	-	Transfers	
3,055	136,320,306	373,950,817	Total general revenues and transfers	
(6,693)	13,177,094	45,875,162	Change in net position	
205,220	35,029,500	176,504,239	Net position - beginning, restated	
\$ 198,527	\$ 48,206,594	\$ 222,379,401	Net position - ending	

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



FUND FINANCIAL STATEMENTS

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 3
Page 1 of 2

Balance Sheet
Governmental Funds
June 30, 2023

	Primary Government		
	General Fund	Capital Projects Fund	Debt Service Fund
Assets			
Cash and cash equivalents	\$ 55,012,166	\$ 41,274,235	\$ 2,700,119
Cash and cash equivalents - restricted	1,980,892	5,836,595	-
Receivables, net of allowance for uncollectibles:			
Taxes, including penalties	5,362,689	-	-
Accounts	2,276,956	78,280	-
Lease receivables	419,585	478,664	-
Investment in direct financing agreement	-	-	12,789,032
Due from other governmental units	4,633,805	169,813	-
Note receivable	-	525,383	-
Total assets	<u>69,686,093</u>	<u>48,362,970</u>	<u>15,489,151</u>
Total assets and deferred outflows of resources	<u>69,686,093</u>	<u>48,362,970</u>	<u>15,489,151</u>
Liabilities			
Accounts payable	1,357,459	3,462,933	-
Accrued liabilities	2,391,479	-	-
Retainage	-	1,303,912	-
Other liabilities	688,068	263,293	-
Unearned revenue	247,587	120,087	3,309,032
Escrows	-	-	-
Total liabilities	<u>4,684,593</u>	<u>5,150,225</u>	<u>3,309,032</u>
Deferred inflows of resources			
Leases	411,555	481,238	-
Revenue advances	1,065,284	-	-
Unavailable revenue	<u>3,966,531</u>	<u>405,296</u>	<u>9,480,000</u>
Total deferred inflows of resources	<u>5,443,370</u>	<u>886,534</u>	<u>9,480,000</u>
Total liabilities and deferred inflows of resources	<u>10,127,963</u>	<u>6,036,759</u>	<u>12,789,032</u>
Fund balances			
Nonspendable	8,030	-	-
Restricted	1,932,519	4,532,683	-
Committed	3,342,377	37,793,528	-
Assigned	17,148,016	-	2,700,119
Unassigned	<u>37,127,188</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>59,558,130</u>	<u>42,326,211</u>	<u>2,700,119</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 69,686,093</u>	<u>\$ 48,362,970</u>	<u>\$ 15,489,151</u>

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

Primary Government				
Fire and Rescue Fund	American Rescue Plan Fund	Other Governmental Funds	Total Governmental Funds	
				Assets
\$ 2,103,588	\$ -	\$ 4,429,376	\$ 105,519,484	Cash and cash equivalents
-	7,866,428	8,105,401	23,789,316	Cash and cash equivalents - restricted
				Receivables, net of allowance for uncollectibles:
986,178	-	35,678	6,384,545	Taxes, including penalties
23,145	-	1,354,879	3,733,260	Accounts
136,976	-	-	1,035,225	Lease receivables
-	-	-	12,789,032	Investment in direct financing agreement
359,499	83,795	13,725	5,260,637	Due from other governmental units
-	-	-	525,383	Note receivable
3,609,386	7,950,223	13,939,059	159,036,882	Total assets
3,609,386	7,950,223	13,939,059	159,036,882	Total assets and deferred outflows of resources
				Liabilities
179,009	8,214	22,047	5,029,662	Accounts payable
1,168,610	2,416	8,010	3,570,515	Accrued liabilities
-	-	-	1,303,912	Retainage
-	-	-	951,361	Other liabilities
-	7,620,174	-	11,296,880	Unearned revenue
-	-	194,838	194,838	Escrows
1,347,619	7,630,804	224,895	22,347,168	Total liabilities
				Deferred inflows of resources
130,745	-	-	1,023,538	Leases
177,916	-	12,886	1,256,086	Revenue advances
826,456	-	1,097,135	15,775,418	Unavailable revenue
1,135,117	-	1,110,021	18,055,042	Total deferred inflows of resources
2,482,736	7,630,804	1,334,916	40,402,210	Total liabilities and deferred inflows of resources
				Fund balances
6,232	-	-	14,262	Nonspendable
-	319,419	7,970,218	14,754,839	Restricted
1,120,418	-	4,633,925	46,890,248	Committed
-	-	-	19,848,135	Assigned
-	-	-	37,127,188	Unassigned
1,126,650	319,419	12,604,143	118,634,672	Total fund balances
\$ 3,609,386	\$ 7,950,223	\$ 13,939,059	\$ 159,036,882	Total liabilities, deferred inflows of resources, and fund balances

The accompanying notes to the 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, 2023**

Total fund balance - governmental funds		\$ 118,634,672
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 \$184,413 for internal service funds)		525,635
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 \$177,970 for internal service funds)	117,702,352	
Losses on refunding of debt issuances	333,128	
Deferred outflows of resources related to pensions (excludes \$54,176 for internal service funds)	3,087,069	
Contributions to pension plans (excludes \$90,903 for internal service funds)	5,179,849	
Deferred outflows of resources related to OPEB (excludes \$20,259 for internal service funds)	1,199,669	
Contributions to OPEB plans (excludes \$4,487 for internal service funds)	<u>255,631</u>	127,757,698
Internal service funds are used by management to charge the costs of fleet maintenance and health insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.		13,505,552
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.		15,775,418
Interest on long-term debt and lessee lease arrangements are not accrued in the governmental funds, but are recognized as expenditures when due.		(1,097,351)
Interest on lessor arrangement leases is not accrued in the governmental funds, but is recognized as revenue when earned.		1,191
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.		
Lease liabilities (excludes \$16,746 for internal service funds)	(1,084,456)	
Subscription liabilities	(1,273,550)	
Compensated absences (excludes \$118,553 for internal service funds)	(6,370,201)	
Financing agreements	(25,060,351)	
General obligation bonds	(39,700,000)	
Direct bond	(8,475,000)	
Premium on bonds payable	(3,987,632)	
Net pension liability (excludes \$99,874 for internal service funds)	(5,635,651)	
Net OPEB liability (excludes \$89,500 for internal service funds)	(5,260,042)	
Deferred inflows of resources related to pensions (excludes \$86,947 for internal service funds)	(4,954,438)	
Deferred inflows of resources related to OPEB (excludes \$41,585 for internal service funds)	<u>(2,479,803)</u>	(104,281,124)
Net position of governmental activities		\$ <u>170,821,691</u>

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

COUNTY OF FAUQUIER, VIRGINIA

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Fiscal Year Ended June 30, 2023

Exhibit 5
Page 1 of 2

	Primary Government			
	General Fund	Capital Projects Fund	Debt Service Fund	Fire and Rescue Fund
Revenues				
General property taxes	\$ 165,214,379	\$ -	\$ -	\$ 22,273,715
Other local taxes	25,995,690	-	-	-
Permits, privilege fees, and regulatory licenses	1,923,754	-	-	-
Fines and forfeitures	421,816	-	-	-
Revenue from use of money and property	3,338,317	715,381	-	216,785
Charges for services	1,192,271	25,641	-	-
Gifts and donations	30,698	-	-	26,600
Recovered costs	460,134	1,087,836	-	689,525
Miscellaneous revenue	442,514	151,134	289,540	58,246
Intergovernmental:				
Contribution from School Board	-	2,994,626	382,429	-
Commonwealth of Virginia	27,448,083	143,526	-	337,083
Federal Government	4,431,660	483,625	400,775	1,357,161
Total revenues	230,899,316	5,601,769	1,072,744	24,959,115
Expenditures				
Current operating:				
General government administration	17,453,561	-	-	-
Judicial administration	4,737,320	-	-	-
Public safety	25,592,870	101,316	-	24,727,708
Public works	5,871,802	4,216,975	-	-
Health and welfare	14,649,069	-	-	-
Education	95,670,774	12,024,134	-	-
Parks, recreation, and cultural	8,203,683	409,839	-	-
Community development	6,471,924	448,343	-	-
Nondepartmental	686,732	-	-	-
Capital outlay	-	7,390,228	-	-
Capital outlay - leases	181,580	-	-	35,451
Capital outlay - subscriptions	223,826	-	-	17,119
Debt service:				
Lease principal	369,537	-	-	37,317
Lease interest	10,289	-	-	272
Subscription principal	627,826	-	-	17,119
Subscription interest	4,546	-	-	-
Principal retirement	-	-	9,012,483	-
Interest charges	-	-	3,308,957	-
Fiscal charges	-	-	5,200	-
Total expenditures	180,755,339	24,590,835	12,326,640	24,834,986
Excess (deficiency) of revenues over (under) expenditures	50,143,977	(18,989,066)	(11,253,896)	124,129
Other financing sources (uses)				
Transfers in	440,498	23,033,303	12,426,013	2,324,451
Transfers (out)	(41,380,264)	(187,247)	(355,140)	(1,885,204)
Leases	181,581	-	-	35,451
Subscriptions	223,823	-	-	17,119
Total other financing sources (uses)	(40,534,362)	22,846,056	12,070,873	491,817
Net change in fund balances	9,609,615	3,856,990	816,977	615,946
Fund balances - beginning, restated	49,948,515	38,469,221	1,883,142	510,704
Fund balances - ending	\$ 59,558,130	\$ 42,326,211	\$ 2,700,119	\$ 1,126,650

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

Primary Government			
American Rescue Plan Fund	Other Governmental Funds	Total Governmental Funds	
			Revenues
\$ -	\$ 1,225,528	\$ 188,713,622	General property taxes
-	-	25,995,690	Other local taxes
-	-	1,923,754	Permits, privilege fees, and regulatory licenses
-	44,953	466,769	Fines and forfeitures
229,113	109,052	4,608,648	Revenue from use of money and property
-	2,158,117	3,376,029	Charges for services
-	217,099	274,397	Gifts and donations
-	-	2,237,495	Recovered costs
-	376,246	1,317,680	Miscellaneous revenue
-	-	3,377,055	Intergovernmental:
-	59,200	27,987,892	Contribution from School Board
5,605,904	-	12,279,125	Commonwealth of Virginia
			Federal Government
5,835,017	4,190,195	272,558,156	Total revenues
			Expenditures
-	-	17,453,561	Current operating:
-	-	4,737,320	General government administration
-	1,010,597	51,432,491	Judicial administration
61,404	11,896	10,162,077	Public safety
29,041	11,274	14,689,384	Public works
-	-	107,694,908	Health and welfare
880	49,417	8,663,819	Education
5,409,066	199,609	12,528,942	Parks, recreation, and cultural
-	39,049	725,781	Community development
-	-	7,390,228	Nondepartmental
-	6,552	223,583	Capital outlay
-	-	240,945	Capital outlay - leases
-	-		Capital outlay - subscriptions
-	2,141	408,995	Debt service:
-	119	10,680	Lease principal
-	-	644,945	Lease interest
-	-	4,546	Subscription principal
-	-	9,012,483	Subscription interest
-	-	3,308,957	Principal retirement
-	-	5,200	Interest charges
5,500,391	1,330,654	249,338,845	Fiscal charges
			Total expenditures
334,626	2,859,541	23,219,311	Excess (deficiency) of revenues over (under) expenditures
			Other financing sources (uses)
67,516	504,426	38,796,207	Transfers in
(100,000)	(1,484,194)	(45,392,049)	Transfers (out)
-	6,552	223,584	Leases
-	-	240,942	Subscriptions
(32,484)	(973,216)	(6,131,316)	Total other financing sources (uses)
302,142	1,886,325	17,087,995	Net change in fund balances
17,277	10,717,818	101,546,677	Fund balances - beginning, restated
\$ 319,419	\$ 12,604,143	\$ 118,634,672	Fund balances - ending

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

**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, 2023**

Net change in fund balance - total governmental funds	\$	17,087,995
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/amortization expense, which is not a use of current financial resources.		
Capital outlays	18,486,692	
Depreciation/amortization expense (less \$57,526 for internal service funds)	(6,515,488)	11,971,204
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 transfer out/in from governmental activities and business-type activities, respectively.		
		(164,800)
In the Statement of Activities, only the gain (loss) on capital assets is reported, while in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold or non-depreciable assets disposed.		
		(3,427,265)
Prepaid items are recorded as expenditures when purchased in governmental funds, but are recorded as assets and the expense is amortized over the period for which it relates in the government-wide statements.		
Add current year's prepaid items (excludes \$184,413 for internal service funds)	525,635	
Less prior year's prepaid items (excludes \$175,842 for internal service funds)	(1,124,605)	(598,970)
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	15,775,418	
Less prior year's unavailable revenue	(15,994,983)	(219,565)
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.		
		(3,358,963)
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.		
Add debt principal repayment	9,012,483	
Add amortization of bond payable premiums	679,097	
Less amortization of deferred loss on refunding	(159,676)	9,531,904
Lessee leasing agreements and subscription agreements provide current financial resources to governmental funds, but increase long-term liabilities in the Statement of Net Position. Principal payments on lessee and subscription agreements are expenditures in the governmental funds, but reduce long-term liabilities in the Statement of Net Position.		
Less lease additions	(223,583)	
Add lease principal repayment	408,995	
Less subscription additions	(240,945)	
Add subscription principal repayment	644,945	589,412
Interest on lessor agreements is recognized in governmental funds when received, but in the Statement of Net Position when earned.		
Add current year's interest receivable on lessor agreements	1,191	
Less prior year's interest receivable on lessor agreements	(1,342)	(151)

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

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, 2023

Net change in fund balance - total governmental funds (continued)

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 \$118,553 for internal service funds)	\$ (6,370,200)	
Add prior year's compensated absences (excludes \$100,624 for internal service funds)	5,433,087	
Less current year's accrued interest payable	(1,097,351)	
Add prior year's accrued interest payable	<u>1,370,324</u>	(664,140)

Governmental funds do not report net pension and OPEB assets and liabilities and associated deferred outflow of resources and deferred inflow of resources related to pension and OPEB.

Less prior year's net pension asset (excludes \$108,657 for internal service funds)	(4,860,801)	
Add current year's deferred outflow related to pensions (excludes \$54,176 for internal service funds)	3,087,069	
Less prior year's deferred outflow related to pensions (excludes \$94,774 for internal service funds)	(5,370,352)	
Add current year's deferred outflow related to OPEB (excludes \$20,259 for internal service funds)	1,199,669	
Less prior year's deferred outflow related to OPEB (excludes \$28,500 for internal service funds)	(1,491,865)	
Less current year's net pension liability (excludes \$99,874 for internal service funds)	(5,635,651)	
Less current year's net OPEB liability (excludes \$89,500 for internal service funds)	(5,260,042)	
Add prior year's net OPEB liability (excludes \$97,876 for internal service funds)	5,259,742	
Less current year's deferred inflow related to pensions (excludes \$86,947 for internal service funds)	(4,954,438)	
Add prior year's deferred inflow related to pensions (excludes \$319,937 for internal service funds)	18,129,083	
Less current year's deferred inflow related to OPEB (excludes \$41,585 for internal service funds)	(2,479,803)	
Add prior year's deferred inflow related to OPEB (excludes \$58,663 for internal service funds)	<u>3,073,850</u>	696,461

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's pension contributions (excludes \$90,903 for internal service funds)	5,179,849	
Less prior year's pension contributions (excludes \$72,612 for internal service funds)	(4,114,554)	
Add current year's OPEB contributions (excludes \$4,487 for internal service funds)	255,631	
Less prior year's OPEB contributions (excludes \$3,990 for internal service funds)	<u>(227,394)</u>	<u>1,093,532</u>

Change in net position of governmental activities

\$ 32,536,654

COUNTY OF FAUQUIER, VIRGINIA

Statement of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
General Fund
Fiscal Year Ended June 30, 2023

Exhibit 7
Page 1 of 4

	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Revenues				
General property taxes	\$ 150,154,164	\$ 150,154,164	\$ 165,214,379	\$ 15,060,215
Other local taxes	21,892,500	21,892,500	25,995,690	4,103,190
Permits, privilege fees, and regulatory licenses	1,509,518	1,509,518	1,923,754	414,236
Fines and forfeitures	356,739	356,739	421,816	65,077
Revenue from use of money and property	403,675	415,038	3,338,317	2,923,279
Charges for services	975,094	1,003,774	1,192,271	188,497
Gifts and donations	11,953	37,395	30,698	(6,697)
Recovered costs	226,867	353,857	460,134	106,277
Miscellaneous revenue	375,670	435,667	442,514	6,847
Intergovernmental:				
Commonwealth of Virginia	27,471,108	27,673,346	27,448,083	(225,263)
Federal Government	3,757,825	4,042,867	4,431,660	388,793
Total revenues	207,135,113	207,874,865	230,899,316	23,024,451
Expenditures				
Current operating:				
General government administration:				
Legislative:				
Board of supervisors	322,318	375,734	357,020	18,714
General and financial administration:				
County administrator	914,698	1,033,058	962,639	70,419
General reassessment	201,081	531,759	287,037	244,722
County attorney	934,750	1,241,917	968,561	273,356
Independent auditor	199,283	215,792	215,792	-
Commissioner of the revenue	1,983,143	2,118,436	2,111,634	6,802
Treasurer	1,624,403	1,770,536	1,769,731	805
Information technology	4,784,216	4,466,878	4,441,260	25,618
Human resources	3,509,667	3,859,920	2,785,188	1,074,732
Finance	1,869,811	1,903,200	1,866,517	36,683
Office of management and budget	648,876	669,743	640,459	29,284
Geographic information systems	499,608	521,486	417,610	103,876
Total general and financial administration	17,169,536	18,332,725	16,466,428	1,866,297
Board of elections:				
Registrar	588,688	683,433	630,113	53,320
Total general government administration	\$ 18,080,542	\$ 19,391,892	\$ 17,453,561	\$ 1,938,331

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

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 7
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Statement of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
General Fund
Fiscal Year Ended June 30, 2023

	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Expenditures (continued)				
Current operating: (continued)				
Judicial administration:				
Courts:				
Circuit court	\$ 145,144	\$ 146,759	\$ 105,159	\$ 41,600
General district court	28,200	24,900	21,385	3,515
Magistrates	85,773	85,773	20,582	65,191
Juvenile and domestic relations district court	9,266	13,026	12,104	922
Clerk of the circuit court	1,538,893	1,653,646	1,569,086	84,560
Adult court services	1,151,296	1,190,165	1,159,532	30,633
Public defenders	42,170	42,170	2,951	39,219
Commissioner of accounts	-	15,600	15,600	-
Total courts	3,000,742	3,172,039	2,906,399	265,640
Commonwealth's attorney:				
Commonwealth's attorney	1,814,917	1,870,880	1,830,921	39,959
Total judicial administration	4,815,659	5,042,919	4,737,320	305,599
Public safety:				
Law enforcement and traffic control:				
Sheriff	13,792,052	15,558,184	15,557,831	353
Joint communications	3,108,699	3,126,851	3,119,420	7,431
Total law enforcement and traffic control	16,900,751	18,685,035	18,677,251	7,784
Correction and detention:				
Detention center	3,640,609	3,937,890	3,937,562	328
Northwest regional jail	2,858,022	2,858,022	2,858,022	-
Probation office	4,359	4,359	3,637	722
Juvenile detention and crime control	305,265	305,265	116,398	188,867
Total correction and detention	6,808,255	7,105,536	6,915,619	189,917
Total public safety	23,709,006	25,790,571	25,592,870	197,701
Public works:				
General buildings and grounds maintenance:				
General services	5,940,116	6,060,546	5,871,802	188,744
Total public works	\$ 5,940,116	\$ 6,060,546	\$ 5,871,802	\$ 188,744

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

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 7
Page 3 of 4

Statement of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
General Fund
Fiscal Year Ended June 30, 2023

	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Expenditures (continued)				
Current operating: (continued)				
Health and welfare:				
Health:				
Supplement of local health department	\$ 649,276	\$ 649,276	\$ 649,276	\$ -
Welfare:				
Institutional care	922,809	922,809	922,809	-
Social services	8,591,721	9,112,196	8,558,464	553,732
Children's services act	4,734,350	4,639,239	4,518,520	120,719
Total welfare	14,248,880	14,674,244	13,999,793	674,451
Total health and welfare	14,898,156	15,323,520	14,649,069	674,451
Education:				
Contribution to component unit – School Board	95,857,591	95,857,591	95,594,146	263,445
Community colleges	76,628	76,628	76,628	-
Total education	95,934,219	95,934,219	95,670,774	263,445
Parks, recreation, and cultural:				
Parks and recreation:				
Parks and recreation	4,888,214	5,417,879	5,302,199	115,680
Library:				
Public library	2,802,464	2,901,484	2,901,484	-
Total parks, recreation, and cultural	7,690,678	8,319,363	8,203,683	115,680
Community development:				
Planning and community development:				
Community development	5,315,751	5,593,932	5,068,252	525,680
Planning	157,636	157,636	107,370	50,266
Economic development	804,225	825,603	770,057	55,546
Agriculture development	194,278	244,986	109,617	135,369
Total planning and community development	6,471,890	6,822,157	6,055,296	766,861
Environmental management:				
Soil and water conservation district	176,964	176,964	161,986	14,978
Cooperative extension program:				
VPI extension	261,034	270,768	254,642	16,126
Total community development	\$ 6,909,888	\$ 7,269,889	\$ 6,471,924	\$ 797,965

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

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 7
Page 4 of 4

Statement of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
General Fund
Fiscal Year Ended June 30, 2023

	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Expenditures (continued)				
Current operating: (continued)				
Nondepartmental:				
Nondepartmental operations	\$ 5,941,813	\$ 2,789,837	\$ 686,732	\$ 2,103,105
Total current operating expenditures	183,920,077	185,922,756	179,337,735	6,585,021
Capital outlay - leases:				
General government administration	-	23,202	23,202	-
Judicial administration	-	48,066	48,066	-
Public safety	-	8,939	8,939	-
Public works	-	5,556	5,556	-
Health and welfare	-	9,697	9,697	-
Community development	-	86,120	86,120	-
Total capital outlay - leases	-	181,580	181,580	-
Capital outlay - subscriptions:				
General government administration	-	223,826	223,826	-
Total capital outlay - subscriptions	-	223,826	223,826	-
Total capital outlay	-	405,406	405,406	-
Debt service:				
Lease principal	731,096	629,131	369,537	259,594
Lease interest	-	10,289	10,289	-
Subscription principal	-	649,713	627,826	21,887
Subscription interest	-	4,546	4,546	-
Total debt service	731,096	1,293,679	1,012,198	281,481
Total expenditures	184,651,173	187,621,841	180,755,339	6,866,502
Excess (deficiency) of revenues over (under) expenditures	22,483,940	20,253,024	50,143,977	29,890,953
Other financing sources (uses)				
Transfers in	358,657	440,498	440,498	-
Transfers (out)	(24,603,831)	(41,380,264)	(41,380,264)	-
Leases	-	181,581	181,581	-
Subscriptions	-	223,826	223,823	(3)
Total other financing sources (uses)	(24,245,174)	(40,534,359)	(40,534,362)	(3)
Net change in fund balances	(1,761,234)	(20,281,335)	9,609,615	29,890,950
Fund balances - beginning	49,948,515	49,948,515	49,948,515	-
Fund balances - ending	\$ 48,187,281	\$ 29,667,180	\$ 59,558,130	\$ 29,890,950

The accompanying notes to the 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, 2023

	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Revenues				
General property taxes	\$ 21,344,044	\$ 21,344,044	\$ 22,273,715	\$ 929,671
Revenue from use of money and property	14,616	14,616	216,785	202,169
Gifts and donations	-	25,000	26,600	1,600
Recovered costs	-	650,882	689,525	38,643
Miscellaneous revenue	5,000	39,176	58,246	19,070
Intergovernmental:				
Commonwealth of Virginia	300,200	337,083	337,083	-
Federal Government	1,635,507	1,635,507	1,357,161	(278,346)
Total revenues	23,299,367	24,046,308	24,959,115	912,807
Expenditures				
Current operating:				
Public safety	22,578,860	24,727,954	24,727,708	246
Total current operating expenditures	22,578,860	24,727,954	24,727,708	246
Capital outlay - leases:				
Public safety	-	35,451	35,451	-
Total capital outlay - leases	-	35,451	35,451	-
Capital outlay - subscriptions:				
Public safety	-	17,119	17,119	-
Total capital outlay - subscriptions	-	17,119	17,119	-
Total capital outlay	-	52,570	52,570	-
Debt Service:				
Lease principal	50,055	48,247	37,317	10,930
Lease interest	-	272	272	-
Subscription principal	-	17,119	17,119	-
Total debt service	50,055	65,638	54,708	10,930
Total expenditures	22,628,915	24,846,162	24,834,986	11,176
Excess (deficiency) of revenues over (under) expenditures	670,452	(799,854)	124,129	923,983
Other financing sources (uses)				
Transfers in	1,056,927	2,324,451	2,324,451	-
Transfers (out)	(1,727,379)	(1,885,204)	(1,885,204)	-
Leases	-	35,451	35,451	-
Subscriptions	-	17,119	17,119	-
Total other financing sources (uses)	(670,452)	491,817	491,817	-
Net change in fund balances	-	(308,037)	615,946	923,983
Fund balances - beginning	510,704	510,704	510,704	-
Fund balances - ending	\$ 510,704	\$ 202,667	\$ 1,126,650	\$ 923,983

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

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 9

**Statement of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
American Rescue Plan Fund
Fiscal Year Ended June 30, 2023**

	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Revenues				
Use of money:				
Interest income	\$ -	\$ -	\$ 229,113	\$ 229,113
Intergovernmental:				
Federal Government	6,917,019	7,334,260	5,605,904	(1,728,356)
Total revenues	6,917,019	7,334,260	5,835,017	(1,499,243)
Expenditures				
Current operating:				
General government administration	-	72,460	-	72,460
Public works	-	361,713	61,404	300,309
Health and welfare	-	411,300	29,041	382,259
Parks, recreation, and cultural	-	880	880	-
Community development	6,917,019	10,737,703	5,409,066	5,328,637
Total expenditures	6,917,019	11,584,056	5,500,391	6,083,665
Excess of revenues over expenditures	-	(4,249,796)	334,626	4,584,422
Other financing (uses)				
Transfers in	-	67,516	67,516	-
Transfers (out)	-	(1,800,000)	(100,000)	1,700,000
Total other financing (uses)	-	(1,732,484)	(32,484)	1,700,000
Net change in fund balances/(deficits)	-	(5,982,280)	302,142	6,284,422
Fund balances - beginning	17,277	17,277	17,277	-
Fund balances/(deficits) - ending	\$ 17,277	\$ (5,965,003)	\$ 319,419	\$ 6,284,422

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

COUNTY OF FAUQUIER, VIRGINIA

Statement of Net Position
Proprietary Funds
June 30, 2023

Exhibit 10
Page 1 of 2

	Business-Type Activities – Enterprise Funds				Governmental Activities
	Airport Fund	Landfill and Recycling Fund	Catlett Calverton Sewer Fund	Total	Internal Service Funds
Assets					
Current assets:					
Cash and cash equivalents	\$ 724,702	\$ 484,331	\$ 2,374,729	\$ 3,583,762	\$ 16,928,290
Cash and cash equivalents - restricted	60,277	10,693,005	355,140	11,108,422	-
Receivables, net of allowance for uncollectibles					
Accounts	104,362	142,098	2,032,399	2,278,859	360,281
Lease receivables	2,126,250	-	-	2,126,250	-
Inventories	45,337	-	-	45,337	300,858
Prepaid items	-	-	-	-	184,413
Due from other governmental units	520,742	-	-	520,742	-
Total current assets	3,581,670	11,319,434	4,762,268	19,663,372	17,773,842
Noncurrent assets:					
Capital assets (non-depreciable/non-amortizable):					
Land	6,612,678	1,446,449	557,540	8,616,667	-
Construction in progress	16,007	6,271,755	7,636	6,295,398	-
Intangible assets	228,836	-	-	228,836	-
Total capital assets (non-depreciable/non-amortizable)	6,857,521	7,718,204	565,176	15,140,901	-
Other capital assets:					
Buildings and improvements	7,933,725	21,741,354	-	29,675,079	349,000
Infrastructure	22,435,300	854,306	10,708,200	33,997,806	-
Machinery and equipment	510,902	2,917,063	-	3,427,965	854,260
Accumulated depreciation/amortization	(14,215,771)	(16,506,029)	(118,980)	(30,840,780)	(1,041,631)
Total other capital assets, net	16,664,156	9,006,694	10,589,220	36,260,070	161,629
Intangible right-to-use assets:					
Lease land	-	225,350	-	225,350	-
Lease buildings	-	-	-	-	81,706
Lease machinery and equipment	60,078	6,029	-	66,107	-
Accumulated amortization	(26,864)	(75,488)	-	(102,352)	(65,365)
Total intangible right-to-use assets, net	33,214	155,891	-	189,105	16,341
Total capital assets (depreciable/amortizable), net	16,697,370	9,162,585	10,589,220	36,449,175	177,970
Total capital assets, net	23,554,891	16,880,789	11,154,396	51,590,076	177,970
Total noncurrent assets	23,554,891	16,880,789	11,154,396	51,590,076	177,970
Total assets	27,136,561	28,200,223	15,916,664	71,253,448	17,951,812
Deferred outflows of resources					
Deferred charge on refunding	-	369,117	-	369,117	-
Items related to measurement of net pension liability	17,623	104,762	-	122,385	54,176
Pension contributions subsequent to measurement date	29,571	175,783	-	205,354	90,903
Items related to measurement of net OPEB liability	7,126	40,090	-	47,216	20,259
OPEB contributions subsequent to measurement date	1,432	8,730	-	10,162	4,487
Total deferred outflows of resources	55,752	698,482	-	754,234	169,825
Total assets and deferred outflows of resources	\$ 27,192,313	\$ 28,898,705	\$ 15,916,664	\$ 72,007,682	\$ 18,121,637

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

COUNTY OF FAUQUIER, VIRGINIA

Statement of Net Position
Proprietary Funds
June 30, 2023

Exhibit 10
Page 2 of 2

	Business-Type Activities – Enterprise Funds				Governmental Activities
	Airport Fund	Landfill and Recycling Fund	Catlett Calverton Sewer Fund	Total	Internal Service Funds
Liabilities					
Current liabilities:					
Accounts payable	\$ 30,544	\$ 762,011	\$ 16,488	\$ 809,043	\$ 900,180
Accrued and other liabilities	12,216	86,781	-	98,997	36,405
Retainage	-	112,004	-	112,004	-
Accrued interest payable	-	158,460	-	158,460	-
Accrued interest payable - leases	27	8,349	-	8,376	-
Unearned revenue	34,381	-	1,343,697	1,378,078	-
Current portion of compensated absences	2,563	21,392	-	23,955	11,855
Current portion of incurred but not reported claims	-	-	-	-	806,574
Current portion of lease liabilities	14,124	46,521	-	60,645	16,746
Current portion of long-term bonds payable	-	969,577	355,140	1,324,717	-
Total current liabilities	93,855	2,165,095	1,715,325	3,974,275	1,771,760
Noncurrent liabilities:					
Accrued closure and postclosure liability	-	36,953,495	-	36,953,495	-
Noncurrent portion of compensated absences	23,062	192,524	-	215,586	106,698
Noncurrent portion of incurred but not reported claims	-	-	-	-	2,419,721
Noncurrent portion of lease liabilities	18,864	105,689	-	124,553	-
Noncurrent portion of long-term bonds payable	-	19,791,398	4,971,960	24,763,358	-
Net pension liability	27,629	192,693	-	220,322	99,874
Net OPEB liability	30,913	176,499	-	207,412	89,500
Total noncurrent liabilities	100,468	57,412,298	4,971,960	62,484,726	2,715,793
Total liabilities	194,323	59,577,393	6,687,285	66,459,001	4,487,553
Deferred inflows of resources					
Leases	2,102,255	-	-	2,102,255	-
Items related to measurement of pension liability	28,284	168,133	-	196,417	86,947
Items related to measurement of OPEB liability	14,884	82,536	-	97,420	41,585
Total deferred inflows of resources	2,145,423	250,669	-	2,396,092	128,532
Total liabilities and deferred inflows of resources	2,339,746	59,828,062	6,687,285	68,855,093	4,616,085
Net position					
Net investment in capital assets	23,521,903	6,805,718	5,827,296	36,154,917	161,224
Restricted for:					
Debt service	-	-	355,140	355,140	-
Donations	60,277	-	-	60,277	-
Unrestricted (deficit)	1,270,387	(37,735,075)	3,046,943	(33,417,745)	13,344,328
Total net position	24,852,567	(30,929,357)	9,229,379	3,152,589	13,505,552
Total liabilities, deferred inflows of resources, and net position	\$ 27,192,313	\$ 28,898,705	\$ 15,916,664	\$ 72,007,682	\$ 18,121,637

The accompanying notes to the 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, 2023

	Business-Type Activities – Enterprise Funds				Governmental Activities
	Airport Fund	Landfill and Recycling Fund	Catlett Calverton Sewer Fund	Total	Internal Service Funds
Operating revenues					
Charges for services	\$ 332,483	\$ 1,744,547	\$ 2,026,402	\$ 4,103,432	\$ 40,370,305
Recycling revenues	-	546,266	-	546,266	-
Recovered cost	-	-	-	-	841,841
Miscellaneous revenue	-	243,706	-	243,706	84,919
Fuel	660,358	-	-	660,358	-
Total operating revenues	992,841	2,534,519	2,026,402	5,553,762	41,297,065
Operating expenses					
Cost of goods sold	466,883	-	-	466,883	-
Personal services	302,305	2,247,658	-	2,549,963	859,490
Fringe benefits	93,765	765,903	-	859,668	293,218
Claims and benefits paid	-	-	-	-	36,001,667
Premiums	-	-	-	-	429,954
Contractual services	95,778	4,957,861	199,770	5,253,409	3,091,493
Other operating expenses	187,036	275,937	12,692	475,665	3,249,284
Landfill closure and postclosure liability	-	2,494,260	-	2,494,260	-
Depreciation	821,128	840,813	118,980	1,780,921	24,331
Lease amortization	13,903	43,998	-	57,901	33,195
Pension and OPEB expense	29,815	(21,198)	-	8,617	75,528
Total operating expenses	2,010,613	11,605,232	331,442	13,947,287	44,058,160
Operating income (loss)	(1,017,772)	(9,070,713)	1,694,960	(8,393,525)	(2,761,095)
Nonoperating revenues (expenses)					
Interest income (expense)	78,494	(5,918)	200	72,776	449,148
Gain on disposal of capital assets	-	46,332	-	46,332	-
Insurance recoveries	330,962	10,744	-	341,706	-
Operating grants - Commonwealth of Virginia	13,258	26,863	-	40,121	-
Total nonoperating revenues (expenses)	422,714	78,021	200	500,935	449,148
Income (loss) before capital contributions, grants, and transfer:	(595,058)	(8,992,692)	1,695,160	(7,892,590)	(2,311,947)
Capital contributions and grants					
Capital contributions	400	-	164,800	165,200	-
Capital grants - Commonwealth of Virginia	60,570	-	-	60,570	-
Capital grants - Federal Government	192,069	-	-	192,069	-
Total capital contributions and capital grants	253,039	-	164,800	417,839	-
Other financing sources (uses)					
Transfers in	238,920	7,131,309	355,140	7,725,369	39,734
Transfers (out)	-	(67,480)	(15,031)	(82,511)	(1,086,750)
Total financing sources (uses)	238,920	7,063,829	340,109	7,642,858	(1,047,016)
Change in net position	(103,099)	(1,928,863)	2,200,069	168,107	(3,358,963)
Net position - beginning	24,955,666	(29,000,494)	7,029,310	2,984,482	16,864,515
Net position - ending	\$ 24,852,567	\$ (30,929,357)	\$ 9,229,379	\$ 3,152,589	\$ 13,505,552

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

COUNTY OF FAUQUIER, VIRGINIA

Statement of Cash Flows
Proprietary Funds
Fiscal Year Ended June 30, 2023

Exhibit 12
Page 1 of 2

	Business-Type Activities – Enterprise Funds				Governmental Activities
	Airport Fund	Landfill and Recycling Fund	Catlett Calverton Sewer Fund	Total	Internal Service Funds
Cash flow from operating activities					
Receipts from customers and users	\$ 1,215,304	\$ 2,563,420	\$ 506,776	\$ 4,285,500	\$ 37,892,618
Receipts from interfund services provided	-	-	-	-	5,174,635
Payments to suppliers and other operating activities	(744,888)	(5,282,979)	(201,975)	(6,229,842)	(42,555,597)
Payments to employees (including fringes)	(435,141)	(3,154,224)	-	(3,589,365)	(1,226,626)
Payments for interfund services used	(8,768)	(97,555)	-	(106,323)	-
Net cash provided by (used for) operating activities	26,507	(5,971,338)	304,801	(5,640,030)	(714,970)
Cash flow from noncapital financing activities					
Transfers in	238,920	7,131,309	355,140	7,725,369	39,734
Transfers (out)	-	(67,480)	(15,031)	(82,511)	(1,086,750)
Proceeds from interfund obligation	-	-	-	-	(104,456)
Repayment of interfund obligation	(824,165)	-	-	(824,165)	-
Operating grants received	13,258	33,522	-	46,780	-
Net cash provided by noncapital financing activities	(571,987)	7,097,351	340,109	6,865,473	(1,151,472)
Cash flow from capital and related financing activities					
Acquisition and construction of capital assets	(56,953)	(3,096,011)	164,800	(2,988,164)	(33,450)
Proceeds from sale of capital assets	-	16,504	-	16,504	-
Proceeds from capital grants	931,328	-	-	931,328	-
Capital contribution	400	-	(164,800)	(164,400)	-
Principal paid on debt	-	(760,000)	(355,140)	(1,115,140)	-
Interest and other fiscal cost on debt	-	(667,097)	-	(667,097)	-
Principal and interest paid on leases	(14,049)	(49,781)	-	(63,830)	488
Proceeds from bonds	-	-	1,246,306	1,246,306	-
Interest on bond proceeds	-	514,877	-	514,877	-
Insurance recoveries	330,962	10,744	-	341,706	-
Net cash provided by (used for) capital and related financing activities	1,191,688	(4,030,764)	891,166	(1,947,910)	(32,962)
Cash flow from investing activities					
Interest income	78,494	119,132	200	197,826	449,148
Net cash provided by investing activities	78,494	119,132	200	197,826	449,148
Net increase (decrease) in cash and cash equivalents	724,702	(2,785,619)	1,536,276	(524,641)	(1,450,256)
Cash and cash equivalents - beginning of the year	60,277	13,962,955	1,193,593	15,216,825	18,378,546
Cash and cash equivalents - end of the year	\$ 784,979	\$ 11,177,336	\$ 2,729,869	\$ 14,692,184	\$ 16,928,290

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

COUNTY OF FAUQUIER, VIRGINIA

Statement of Cash Flows
Proprietary Funds
Fiscal Year Ended June 30, 2023

Exhibit 12
Page 2 of 2

	Business-Type Activities – Enterprise Funds				Governmental Activities
	Airport Fund	Landfill and Recycling Fund	Catlett Calverton Sewer Fund	Total	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities					
Cash flows from operations:					
Operating income (loss)	\$ (1,017,772)	\$ (9,070,713)	\$ 1,694,960	\$ (8,393,525)	\$ (2,761,095)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation	821,128	840,813	118,980	1,780,921	24,331
Amortization of bond premium and deferred amounts	-	(163,897)	-	(163,897)	-
Gain on disposal of capital assets	-	(46,332)	-	(46,332)	-
Amortization of leases	13,903	43,998	-	57,901	33,195
Changes in operating assets and liabilities:					
(Increase) decrease in receivables	237,788	28,901	292,144	558,833	1,770,188
(Increase) decrease in lease receivables	(1,243,010)	-	-	(1,243,010)	-
(Increase) decrease in lease interest	725	-	-	725	-
(Increase) decrease in inventory	(21,477)	-	-	(21,477)	(23,810)
(Increase) decrease in net pension assets	22,162	44,960	-	67,122	108,657
(Increase) decrease in prepaid items	-	-	-	-	(8,571)
(Increase) decrease in deferred outflows of resources	(3,691)	57,845	-	54,154	30,051
Increase (decrease) in accounts payable	17,493	(30,585)	10,487	(2,605)	146,873
Increase (decrease) in accrued liabilities	(8,068)	43,850	-	35,782	21,472
Increase (decrease) in retainage	-	94,078	-	94,078	-
Increase (decrease) in accrued interest payable-leases	25	-	-	25	(3)
Increase (decrease) in unearned revenue	2,309	-	(1,811,770)	(1,809,461)	-
Increase (decrease) in incurred but not reported claims	-	-	-	-	102,312
Increase (decrease) in landfill closure and postclosure liability	-	2,494,260	-	2,494,260	-
Increase (decrease) in net pension liability	27,629	192,693	-	220,322	99,874
Increase (decrease) in net OPEB liability	7,920	(19,952)	-	(12,032)	(8,376)
Increase (decrease) in deferred inflows of resources	1,169,443	(481,257)	-	688,186	(250,068)
Net cash provided by (used for) operating activities	\$ 26,507	\$ (5,971,338)	\$ 304,801	\$ (5,640,030)	\$ (714,970)

Noncash, investing, capital, and financing activities:

The primary government contributed assets related to the construction of sewer infrastructure to the Sewer Fund during the fiscal year. The project costs were recorded in the Capital Projects Fund, and transferred to the Sewer Fund. This resulted in a non-cash capital and financing activity in the amount of \$164,800 for the assets related to the project. The net amount is reflected as a capital contribution on Exhibit 11.

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

COUNTY OF FAUQUIER, VIRGINIA**Exhibit 13****Statement of Fiduciary Net Position****Fiduciary Funds****June 30, 2023**

	Other Postemployment Benefit Plans Fund	Custodial Funds
Assets		
Cash and cash equivalents	\$ -	\$ 201,188
Cash in custody of others	-	149,710
Receivables, net of allowance for uncollectibles:		
Accounts	-	20,218
Loans	-	111,398
Investments at fair value:		
Investments at fair value	-	17,989,309
Investment in pooled funds	<u>2,309,077</u>	<u>-</u>
Total assets	<u><u>2,309,077</u></u>	<u><u>18,471,823</u></u>
Liabilities		
Accounts payable	194,927	-
Accrued liabilities	<u>-</u>	<u>62,564</u>
Total liabilities	<u><u>194,927</u></u>	<u><u>62,564</u></u>
Net position		
Restricted for:		
Postemployment benefits other than pensions	2,114,150	-
Individuals and organizations	<u>-</u>	<u>18,409,259</u>
Total net position	<u><u>\$ 2,114,150</u></u>	<u><u>\$ 18,409,259</u></u>

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

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 14

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Fiscal Year Ended June 30, 2023

	Other Postemployment Benefit Plans Fund	Custodial Funds
Additions		
Contributions		
For the benefit of employees	\$ 459,656	\$ -
Employees	-	1,612,615
Governments and organizations	-	552,547
On behalf of inmates	-	98,288
Total contributions	459,656	2,263,450
Investment income		
Net increase in the fair value of investments	130,253	1,144,516
Interest and dividends	2,397	825,055
Total investment income	132,650	1,969,571
Less: investment expenses	-	(35,624)
Net investment income	132,650	1,933,947
Miscellaneous revenue:		
Miscellaneous revenue	-	34,581
Total additions	592,306	4,231,978
Deductions		
Distributions	85,078	-
Payments on behalf of beneficiaries and participants	-	2,057,148
Administrative fees	2,802	-
Total deductions	87,880	2,057,148
Net increase (decrease) in net position	504,426	2,174,830
Net position - beginning	1,609,724	16,234,429
Net position - ending	\$ 2,114,150	\$ 18,409,259

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

NOTES TO FINANCIAL STATEMENTS

COUNTY OF FAUQUIER, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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, 2023, the Economic Development Authority had outstanding industrial development revenue bonds of \$8,641,706. 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, revenues or expenses with respect to these bonds are recognized in the financial statements. A financial benefit/burden relationship exists between the County and the Economic Development Authority and the County acts as fiscal agent for the Economic Development Authority.

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

The School Board consists of the following governmental funds:

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

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

The *School Grant Fund* accounts for and reports financial resources for revenues and expenditures of funds received for grants and donations.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

B. Government-wide and fund financial statements

Government-wide financial statements – The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all 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 expenses of individual functions is compared to the revenues generated directly by the function

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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*. 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The County reports the following major fund types:

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

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

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

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

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

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

The County reports the following nonmajor fund types:

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

D. Stewardship, compliance, and accountability

1. Budgetary information

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

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 remains unchanged; and 3) no ongoing funding requirements are included in a grant acceptance. All requests for supplemental appropriations that do not meet the requirements require Board of Supervisors' approval upon recommendation of the Finance Committee.

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

Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds subject to the Board of Supervisors' expenditure authority, 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, 2023, there were no departments in which expenditures exceeded appropriations.

3. Deficit fund balance/net position

As of June 30, 2023, 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Real 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. Lease receivables

For lease agreements for which the County or School Board is the Lessor, lease receivables are recognized upon the commencement of the lease term unless the lease is a short-term lease, transfers ownership of the underlying asset, is an exception for leases of assets held as investments, or certain regulated leases in governmental fund statements. Lease receivables are measured at the present value of lease payments expected to be received during the lease term.

9. Capital assets

Capital assets, which include property, plant, equipment, intangible assets (e.g., easements, software licenses, and leases), 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 more than 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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Infrastructure within the County (such as roads, streets, bridges, etc.) is owned and maintained by the Commonwealth of Virginia (Department of Transportation) and is not recorded in the County's financial statements. However, infrastructure that is within the County and is not owned by the Virginia Department of Transportation has been included, 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.

For lease agreements where the County or School Board is the lessee, intangible right to use lease assets and lease liabilities are recognized upon commencement of the lease term, unless the lease is a short-term lease, or it transfers ownership of the underlying asset in the government wide statements. Lease assets are measured at the amount of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. Lease assets are amortized over the shorter of the lease term or useful life of the asset.

For subscription agreements, where the County or School Board is the lessee, intangible right to use subscription assets and subscription liabilities are recognized upon commencement of the subscription term, unless the subscription is a short-term subscription (twelve months or less), or it transfers ownership of the underlying asset in the government wide statements. Subscription assets are measured at the amount of the initial measurement of the subscription liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. Subscription assets are amortized over the shorter of the term or useful life of the asset.

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

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

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

10. 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

11. 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.

12. 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.

Lease liabilities are measured at present value of payments expected to be made during the lease term, less any lease incentives using the Incremental Borrowing Rate (IBR). The IBR is the interest rate that, at the beginning of the lease term or renewal date of the lease, the lessee would have incurred if the lessee borrowed, over a similar term, the funds necessary to purchase the lease asset. In governmental fund financial statements using the current financial resources focus, other financing source and outflow of resources are recognized upon commencement of the lease terms. Payments of lease principal and interest are recognized as an outflow of resources once paid. Lease extension and termination options are included in the lease term if it is reasonably certain the renewal options will be exercised.

13. 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2023 are:

Primary government

General Fund	\$ 697,970
Capital Projects Fund	7,158,149
Fire and Rescue Fund	47,492
Other Governmental Funds	7,818,876
Airport Fund	32,343
Landfill and Recycling Fund	<u>6,126,883</u>
Total primary government encumbrances	<u>21,881,713</u>

Component unit - School Board

School General Fund	151,144
School Asset Replacement Fund	2,808,416
Other School Funds	<u>1,077,405</u>
Total component unit - School Board encumbrances	\$ <u>4,036,965</u>

14. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The County has four 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 life of the refunded or refunding debt, whichever is shorter.
- 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 includes a separate section for deferred inflows of resources. This separate financial element, deferred inflows of resources, represents an acquisition of net assets 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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.
- Deferred inflows related to the recognition of lease receivables at the inception of a lease agreement in which the County or School Board is the lessor. Deferred inflow of resources are measured at the value of the lease receivable plus any payments received at or before the commencement of the lease term that relate to future periods and recognized as inflow of resources in a systematic and rational manner over the term of the lease.

15. Fund balance

In governmental fund types, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called “fund balance.” The County’s governmental funds report the following categories of fund balance, based on the nature of any limitations requiring the use of resources for specific purposes:

- *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, which does not lapse, is further indicated in the budget document as a designation or commitment of the fund. Assigned fund balance is established by the Board of Supervisors through adoption or amendment of the budget as intended for specific purposes (such as purchase of capital assets, construction, debt service, or other purposes).

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

16. Net position

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

The County issues debt to finance the construction of school facilities for the School Board because the School Board does not have borrowing or taxing authority. The County reports this debt, whereas the School Board reports the related capital assets. As a result, in the Statement of Net Position (Exhibit 1), the debt reduces *unrestricted net position* for the primary government, while the capital assets are reported in *net investment in capital assets* for the School Board. Because this debt is related to capital assets of the reporting entity as a whole, the debt amount of \$51,590,000 is reclassified to present the total reporting entity column of Exhibit 1.

17. 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.

18. Pensions and other postemployment benefits

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

F. Governmental Accounting Standards Board (GASB) Statements

The County implemented the following GASB Statement in fiscal year 2023:

Statement No. 96, Subscription-Based Information Technology Arrangements (SBITA), effective for the reporting periods after June 15, 2022. The objective of this Statement is to improve financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. This definition and uniform guidance will result in greater consistency in practice. The capitalization criteria for implementation costs also will reduce diversity and improve

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

comparability in financial reporting by governments. This Statement also will enhance the relevance and reliability of the government's financial statements by requiring reporting for a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of the government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs.

The County will implement the following GASB Statements in fiscal year 2024:

Statement No. 101, *Compensated Absences*, effective for the reporting periods after December 15, 2023. The objective of this Statement is to provide and align the recognition and measurement guidance for Compensated Absences to be under one unified model of measurement. Establishing a unified recognition and measurement to reflect an obligation more appropriately will eliminate comparability issues as well as enhance relevance and reliability of the information concerning liabilities for compensated absences. The Statement requires that liabilities for compensated absences be recognized for leave that has not been used, leave used but not paid, and the guidance for the measurement of such liability. This Statement amends the existing requirement for compensated absences.

G. Beginning balance adjustments

Implementation of GASB Statement No. 96 – The implementation of GASB Statement 96 requires the calculation of right to use intangible Subscription Based Information Technology Arrangements (SBITA) assets and liabilities for subscription agreements in which the County or School Board are lessees. For subscription agreements in place prior to July 1, 2022, the subscription assets and liabilities reflect the balance based on the remaining term as of July 1, 2022.

Coronavirus, Aid, Relief, and Economic Security (CARES) Fund – The beginning balance has been restated to correct prior year grant accruals.

School General Fund and School Grant Fund – The beginning balances have been restated to correct prior year grant accruals and to reclassify the School Grant Fund as a separate fund from the School General Fund.

The charts below summarize the beginning balances in these accounts at July 1, 2022:

	Governmental Activities	School Board	Total Reporting Entity
Subscription assets	1,677,551	327,354	2,004,905
Total assets and deferred outflow of resources	1,677,551	327,354	2,004,905
Subscription liabilities	1,677,551	327,354	2,004,905
Total liabilities and deferred inflow of resources	1,677,551	327,354	2,004,905

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

	Coronavirus Aid, Relief, and Economic Security (CARES) Fund		
	As Reported 6/30/2022	Grant revenue adjustment	Restated 6/30/2022
Revenues and transfers in	619,153	(56,069)	563,084
Expenditures and transfers out	<u>495,287</u>	<u>-</u>	<u>495,287</u>
Change in fund balance	123,866	(56,069)	67,797
Beginning fund balance	<u>12,636</u>	<u>-</u>	<u>12,636</u>
Ending fund balance	136,502	(56,069)	80,433

	Governmental Activities		
	As Reported 6/30/2022	Grant revenue adjustment	Restated 6/30/2022
Revenues and transfers in	243,764,769	(56,070)	243,708,699
Expenses and transfers out	<u>206,228,339</u>	<u>-</u>	<u>206,228,339</u>
Change in net position	37,536,430	(56,070)	37,480,360
Beginning net position	<u>100,804,677</u>	<u>-</u>	<u>100,804,677</u>
Ending net position	138,341,107	(56,070)	138,285,037

	School General Fund			
	As Reported 6/30/2022	School Grant Fund reclassification	Grant revenue adjustment	Restated 6/30/2022
Revenues and transfers in	163,506,545	(10,764,514)	(40,709)	152,701,322
Expenditures and transfers out	<u>162,411,582</u>	<u>(9,839,246)</u>	<u>-</u>	<u>152,572,336</u>
Change in fund balance	1,094,963	(925,268)	(40,709)	128,986
Beginning fund balance	<u>416,446</u>	<u>(400,725)</u>	<u>-</u>	<u>15,721</u>
Ending fund balance	1,511,409	(1,325,993)	(40,709)	144,707

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

	School Grant Fund			
	As Reported 6/30/2022	School Grant Fund reclassification	Grant revenue adjustment	Restated 6/30/2022
Revenues and transfers in	-	10,764,514	(856,022)	9,908,492
Expenditures and transfers out	-	9,839,246	-	9,839,246
Change in fund balance	-	925,268	(856,022)	69,246
Beginning fund balance	-	400,725	-	400,725
Ending fund balance	-	1,325,993	(856,022)	469,971

	School Asset Replacement Fund		
	As Reported 6/30/2022	Grant revenue adjustment	Restated 6/30/2022
Revenues and transfers in	7,501,219	(91,679)	7,409,540
Expenditures and transfers out	7,089,237	-	7,089,237
Change in fund balance	411,982	(91,679)	320,303
Beginning fund balance	5,565,201	-	5,565,201
Ending fund balance	5,977,183	(91,679)	5,885,504

	School Board		
	As Reported 6/30/2022	Grant revenue adjustment	Restated 6/30/2022
Revenues and transfers in	174,084,583	(988,410)	173,096,173
Expenses and transfers out	164,297,399	-	164,297,399
Change in net position	9,787,184	(988,410)	8,798,774
Beginning net position	26,230,726	-	26,230,726
Ending net position	36,017,910	(988,410)	35,029,500

	Total Reporting Entity		
	As Reported 6/30/2022	Grant revenue adjustment	Restated 6/30/2022
Revenues and transfers in	430,100,634	(1,044,480)	429,056,154
Expenses and transfers out	399,791,396	-	399,791,396
Change in net position	30,309,238	(1,044,480)	29,264,758
Beginning net position	147,239,481	-	147,239,481
Ending net position	177,548,719	(1,044,480)	176,504,239

NOTE 2 – CASH, CASH EQUIVALENTS, AND INVESTMENTS

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

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

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

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

Authorized investments – Statutes authorize the County to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of other states not in default, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, “prime quality” commercial paper and certain corporate notes, bankers’ acceptances, repurchase agreements, the State Treasurer’s Local Government Investment Pool (LGIP), and the Virginia State Non-Arbitrage Program (SNAP). SNAP is an external investment pool and is not SEC-registered. Bond proceeds subject to arbitrage rebate are invested in the SNAP (See Note 1). Proceeds from Financing Agreements 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 this report. The Board of Trustees of the Virginia Pooled OPEB Trust has adopted an investment policy to achieve a compounded annualized total rate of return over a market cycle, including current income and capital appreciation, in excess of 7.5% after inflation, consistent with prudent risk-taking. Investment decisions for the funds’ assets are made by the Board of Trustees.

The Board of Trustees establishes investment objectives, risk tolerance, and asset allocation policies in light of market and economic conditions, and generally prevailing prudent investment practices. The Board of Trustees also monitors the investments through the appointment and oversight of investment managers and ensures adherence

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

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, 2023. WAM expresses investment time horizons, the time when investments become due and payable, weighted to reflect the dollar size of the individual investments within an investment type. The portfolio's WAM is derived by dollar-weighting the WAM for each investment type. For purposes of the WAM calculation, the County assumes that all its investments will be held to maturity.

Fair value and weighted average maturity of investments at June 30, 2023:

	<u>Measurement Method</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (in years)</u>
Money Market/Money Market Mutual Funds:			
Pooled Investments:			
U.S. Government Agency Securities	Fair Value (Level 1)	\$ 2,005,625	4.0027
Demand deposit account	Amortized Cost	<u>88,055,681</u>	0.0027
Other Investments:			
Virginia State Non-Arbitrage Program (SNAP)			
Debt-Related - Restricted Account	Amortized Cost	15,966,496	0.0027
State Treasurer's Local Government Investment Pool (LGIP)	Amortized Cost	<u>74,972,343</u>	0.0027
 Total Investment		 \$ <u>181,000,145</u>	 0.0471

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.

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

The County's ratings and policy limits as of June 30, 2023, are as follows:

Investment Type	Investment Policy Limit	Credit Quality (Rating)	Credit Exposure as a % of Total Investment
Money Market/Money Market Mutual Funds:			
U.S. Government Agency Securities	100%	AAA	1%
Demand deposit account	50%	AAA	16%
Other Investments:			
Virginia State Non-Arbitrage Program (SNAP)	100%	AAAm	16%
State Treasurer's Local Government Investment Pool (LGIP)	100%	AAAm	67%
			<u>100%</u>

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

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

Restricted cash and investments at June 30, 2023:

Primary Government

Governmental Activities:

General Fund:

Grant and contractual obligations	\$ 1,932,519
Restricted catastrophic fund	<u>48,373</u>
Total General Fund	<u>1,980,892</u>

Capital Projects Fund:

Debt proceeds	2,727,132
Restricted donations	54,165
Performance bonds	238,607
Revenue share projects	176,020
Grant funds	1,336,759
Retainage	<u>1,303,912</u>
Total Capital Projects Fund	<u>5,836,595</u>

American Rescue Plan Fund

Federal funds for American Rescue Plan response	<u>7,866,428</u>
Total American Rescue Plan Fund	<u>7,866,428</u>

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

Other Governmental Funds:	
Social Services Board	\$ 43,521
Parks, Recreation, and Cultural donations	78,346
Library	417,137
Marshall Electric Light and Business Improvement District	131,352
Proffers	5,431,736
Stormwater Management	204,152
Vint Hill Community Enrichment	153,929
Vint Hill Transportation	350,714
Treasurer's E-Summons	213,103
Project Lifesaver	3,074
Working Together	43,445
Fire and Rescue USDA Debt Service	666,942
Opiod Abatement	367,950
	<hr/>
Total Other Governmental Funds	8,105,401
	<hr/>
Total Governmental Activities Restricted Cash and Investments	23,789,316
	<hr/>
Business-Type Activities:	
Airport Fund:	
Restricted donations	60,277
	<hr/>
Total Airport Fund	60,277
	<hr/>
Landfill and Recycling Fund:	
Debt proceeds	10,581,002
Retainage	112,004
	<hr/>
Total Landfill and Recycling Fund	10,693,005
	<hr/>
Sewer Fund:	
Debt service reserve	355,140
	<hr/>
Total Sewer Fund	355,140
	<hr/>
Total Business-Type Activities Restricted Cash and Investments	11,108,422
	<hr/>
Total Primary Government Restricted Cash and Investments	34,897,738
	<hr/>
Component unit - School Board	
School General Fund:	
Grant funds	364,255
	<hr/>
Total School General Fund	364,255
	<hr/>
Total Component Unit - School Board	364,255
	<hr/>
Total Restricted Cash and Investments	\$ 35,261,993

NOTE 3 – RECEIVABLES

Receivables at June 30, 2023 consist of the following:

Primary Government

	General Fund	Capital Projects Fund	Debt Service Fund	Fire and Rescue Fund	American Rescue Plan	Nonmajor Governmental Funds	Business-Type Activities - Enterprise Funds	Internal Service Funds	Total
Gross receivables:									
Property taxes	\$ 7,332,039	\$ -	\$ -	\$ 1,349,915	\$ -	\$ 48,675	\$ -	\$ -	\$ 8,730,629
Accounts	2,276,956	78,280	-	23,145	-	1,579,903	3,952,259	360,281	8,270,824
Gross receivables	9,608,995	78,280	-	1,373,060	-	1,628,578	3,952,259	360,281	17,001,453
Allowance for uncollectibles:									
Property taxes	(1,969,350)	-	-	(363,737)	-	(12,997)	-	-	(2,346,084)
Accounts	-	-	-	-	-	(225,024)	(1,673,400)	-	(1,898,424)
Total allowance for uncollectibles	(1,969,350)	-	-	(363,737)	-	(238,021)	(1,673,400)	-	(4,244,508)
Net receivables	7,639,645	78,280	-	1,009,323	-	1,390,557	2,278,859	360,281	12,756,945
Lease receivable	419,585	478,664	-	136,976	-	-	2,126,250	-	3,161,475
Investment in direct financing agreement	-	-	12,789,032	-	-	-	-	-	12,789,032
Due from other governmental units	4,633,805	169,813	-	359,499	83,795	13,725	520,742	-	5,781,379
Note receivable	-	525,383	-	-	-	-	-	-	525,383
Total receivables	\$ 12,693,035	\$ 1,252,140	\$ 12,789,032	\$ 1,505,798	\$ 83,795	\$ 1,404,282	\$ 4,925,851	\$ 360,281	\$ 35,014,214

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:

Receivables at June 30, 2023 consist of the following:

	Deferred inflow of resources				
	Unearned Revenue	Leases	Revenue Advances	Unavailable Revenue	Total Deferred Inflow of Resources
Governmental					
Tax revenue	\$ -	\$ -	\$ 1,256,086	\$ 4,822,726	\$ 6,078,812
Intergovernmental revenue	25,826	-	-	-	-
EMS ambulance billing revenue	-	-	-	493	493
Other revenue	7,621,650	-	-	-	-
Parks and recreation facility rentals	220,285	-	-	-	-
Investment in direct financing agreements	3,309,032	-	-	9,480,000	9,480,000
Note receivable	120,087	-	-	405,296	405,296
Opioid abatement settlement	-	-	-	1,066,903	1,066,903
Leases	-	1,023,538	-	-	1,023,538
Total governmental	11,296,880	1,023,538	1,256,086	15,775,418	18,055,042
Business-Type					
Airport hangar deposits	34,381	-	-	-	-
Airport leases	-	2,102,255	-	-	2,102,255
Sewer connection fee	1,343,697	-	-	-	-
Total business-type	1,378,078	2,102,255	-	-	2,102,255
Total	\$ 12,674,958	\$ 3,125,793	\$ 1,256,086	\$ 15,775,418	\$ 20,157,297

NOTE 3 – RECEIVABLES (CONTINUED)

A. Opioid abatement

In June 2022, Fauquier County adopted and joined the settlement allocation Memorandum of Understanding with the Commonwealth of Virginia's Office of the Attorney General for distribution of funds resulting from settlement of lawsuits against pharmaceutical companies for harm caused to states and localities by licit and illicit opioid use and distribution. The County is expected to receive settlement payments as follows:

Scheduled Settlement Payments	
Fiscal Year	Expected Payment
2024	\$ 64,722
2025	64,722
2026	74,657
2027	74,657
2028	86,056
Thereafter	702,089
Total	\$ 1,066,903

Settlement payments are recorded as deferred inflow of resources and will be recognized as inflows in the fiscal year received.

GOVERNMENTAL ACTIVITIES:**B. Lease receivable**

Fauquier County and the School Board enter various lessor arrangements with outside entities for rental of County owned property, including office space, infrastructure spaces for technology and communication. GASB Statement No 87, Leases requires lessors to measure and recognize lease receivables and deferred inflow of resources for these type agreements.

The following is a summary of lease receivables of the governmental activities for the year ended June 30, 2023:

	Balance as of			Balance as of	Amount Due
	July 1, 2022	Additions	Reductions	June 30, 2023	Within One
					Year
Lease Receivable:					
Buildings	\$ 1,665,805	\$ 48,264	\$ 773,004	\$ 941,065	\$ 343,473
Infrastructure	119,432	-	25,272	94,160	25,446
Total lease receivables	\$ 1,785,237	\$ 48,264	\$ 798,276	\$ 1,035,225	\$ 368,919

The following shows the scheduled minimum payments due related to lessor lease agreements:

Scheduled Minimum Lease Payments at June 30, 2023			
Fiscal Year	Principal	Interest	Total
2024	\$ 368,919	\$ 12,080	\$ 380,999
2025	352,075	5,959	358,034
2026	112,817	2,560	115,377
2027	89,751	1,643	91,394
2028	35,938	1,065	37,003
2029-2033	75,725	1,374	77,099
Total	\$ 1,035,225	\$ 24,681	\$ 1,059,906

NOTE 3 – RECEIVABLES (CONTINUED)

Details of lease receivables are outlined below:

Lease receivables:	Amount Outstanding	Amount Due Within One Year
At 07/01/2021, the County was under a lessor agreement to lease office space for a term of 120 months. The lease receivable at 07/01/2021 was \$242,658.18 and as of 06/30/2023, the value of the lease receivable is \$196,178.47. Payments are due monthly for \$2,141.65 and the lease has an interest rate of 1.1700%. The value of the deferred inflow of resources as of 06/30/2023 was \$194,126.54, and the County recognized lease revenue of \$24,265.82 during the fiscal year.	\$ 196,178	\$ 23,530
At 12/01/2021, the County was under a lessor agreement to lease office space for a term of 72 months. The lease receivable at 12/01/2021 was \$147,717.78 and as of 06/30/2023, the value of the lease receivable is \$111,824.19. Payments are due monthly for \$1,950.00 and the lease has an interest rate of 0.8037%. The value of the deferred inflow of resources as of 06/30/2023 was \$108,736.70, and the County recognized lease revenue of \$24,619.63 during the fiscal year. The lessee has 2 extension option(s), each for 24 months.	111,824	23,712
At 07/01/2021, the County was under a lessor agreement to lease office space for a term of 66 months. The lease receivable at 07/01/2021 was \$96,942.31 and as of 06/30/2023, the value of the lease receivable is \$63,903.25. Payments are due monthly for \$1,380.20 and the lease has an interest rate of 0.7033%. The value of the deferred inflow of resources as of 06/30/2023 was \$61,690.56, and the County recognized lease revenue of \$17,625.87 during the fiscal year. The lessee has 1 extension option(s), each for 12 months.	63,904	17,441
At 07/01/2021, the County was under a lessor agreement to lease office space for a term of 66 months. The lease receivable at 07/01/2021 was \$21,467.96 and as of 06/30/2023, the value of the lease receivable is \$14,124.76. Payments are due monthly for \$309.00 and the lease has an interest rate of 0.7033%. The value of the deferred inflow of resources as of 06/30/2023 was \$13,661.43, and the County recognized lease revenue of \$3,903.27 during the fiscal year. The lessee has 1 extension option(s), each for 12 months.	14,125	3,876
At 05/01/2022, the County was under a lessor agreement to lease office space for a term of 42 months. The lease receivable at 05/01/2022 was \$30,401.50 and as of 06/30/2023, the value of the lease receivable is \$20,478.14. Payments are due monthly for \$750.00 and the lease has an interest rate of 2.0927%. The value of the deferred inflow of resources as of 06/30/2023 was \$20,267.67, and the County recognized lease revenue of \$8,686.14 during the fiscal year. The lessee has 2 extension option(s), each for 12 months.	20,478	8,654
At 05/16/2022, the County was under a lessor agreement to lease office space for a term of 36 months. The lease receivable at 05/16/2022 was \$728,413.56 and as of 06/30/2023, the value of the lease receivable is \$478,663.82. Payments are due for \$0.00 and the lease has an interest rate of 2.0147%. The value of the deferred inflow of resources as of 06/30/2023 was \$481,237.60, and the County recognized lease revenue of \$248,577.66 during the fiscal year. The lessee has 4 extension option(s), each for 6 months.	478,664	247,433
At 07/01/2021, the County was under a lessor agreement to telecommunications tower space for a term of 70 months. The lease receivable at 07/01/2021 was \$55,992.16 and as of 06/30/2023, the value of the lease receivable is \$42,816.01. Payments are due monthly for \$851.22 and the lease has an interest rate of 0.8330%. The value of the deferred inflow of resources as of 06/30/2023 was \$36,958.00, and the County recognized lease revenue of \$9,517.08 during the fiscal year.	42,816	10,574

NOTE 3 – RECEIVABLES (CONTINUED)

Lease receivables: (continued)	Amount Outstanding	Amount Due Within One Year
At 03/01/2022, the County was under a lessor agreement to lease telecommunications tower space for a term of 60 months. The lease receivable at 03/01/2022 was \$127,890.34 and as of 06/30/2023, the value of the lease receivable is \$94,160.05. Payments are due monthly for \$2,167.64 and the lease has an interest rate of 0.6860%. The value of the deferred inflow of resources as of 06/30/2023 was \$93,786.25, and the County recognized lease revenue of \$25,578.07 during the fiscal year.	94,160	25,446
On 02/01/2023, Fauquier County, VA entered into a 24 month lease as Lessor for the use of Fauquier Enterprise Center Unit #104. An initial lease receivable was recorded in the amount of \$16,512.42. As of 06/30/2023, the value of the lease receivable is \$13,076.22. The lessee is required to make monthly fixed payments of \$689.59. The lease has an interest rate of 0.2383%. The Buildings estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of 06/30/2023 was \$13,072.33, and Fauquier County, VA recognized lease revenue of \$3,440.09 during the fiscal year. The lessee has 1 extension option(s), each for 12 months.	13,076	8,253
Total lease receivable	\$ 1,035,225	\$ 368,919

C. Investment in direct financing agreements

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

Note and Interest Receivable at June 30, 2023				
	Orlean	Catlett	Remington	Total
Total minimum payments to be received	\$ 5,286,459	\$ 4,258,141	\$ 3,244,432	\$ 12,789,032
Less: Unearned revenue	1,391,459	1,088,141	829,432	3,309,032
Net investment in direct financing agreements	\$ 3,895,000	\$ 3,170,000	\$ 2,415,000	\$ 9,480,000

NOTE 3 – RECEIVABLES (CONTINUED)

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

Scheduled Minimum Payments at June 30, 2023			
Fiscal Year	Principal	Interest	Total
2024	\$ 390,000	\$ 382,806	\$ 772,806
2025	405,000	362,434	767,434
2026	430,000	341,038	771,038
2027	450,000	318,488	768,488
2028	480,000	294,656	774,656
Thereafter	7,325,000	1,609,610	8,934,610
Total	\$ 9,480,000	\$ 3,309,032	\$ 12,789,032

D. Note receivable

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, 2023:

Note and Interest Receivable at June 30, 2023		RRCSB
Total principal and interest to be received	\$	525,383
Less: Unearned revenue		<u>120,087</u>
Net note and interest receivable	\$	<u><u>405,296</u></u>

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

Scheduled Minimum Note Receivable Payments at June 30, 2023			
Fiscal Year	Principal	Interest	Total
2024	\$ 16,802	\$ 11,666	\$ 28,468
2025	18,900	12,156	31,056
2026	19,514	11,542	31,056
2027	20,147	10,909	31,056
2028	20,801	10,255	31,056
Thereafter	309,132	63,559	372,691
Total	\$ 405,296	\$ 120,087	\$ 525,383

E. Contingency gain

During fiscal year 2020, the County entered into various security interest agreements with a third party to secure payments in the amount of \$2,386,000 to the third party for the installation of telecommunication equipment to provide Broadband Services to County residents. The County received a security interest in the property installed on various towers throughout the County, with events of default outlined in the agreements. Upon default, the County may declare the obligations immediately due and payable.

NOTE 3 – RECEIVABLES (CONTINUED)

In fiscal year 2022, the County and a third party were in a dispute regarding a Memorandum of Understanding between the parties with regards to the provision of broadband services, for which litigation is pending. Outcome of the collection of \$2,386,000 owed to the county as outlined in the security interest agreements is contingent upon the resolution of the ongoing litigation.

BUSINESS-TYPE ACTIVITIES

The Warrenton-Fauquier Airport enters various lessor arrangements with outside entities for rental of hangars, tie down space for aircrafts, and for office and building space at the Airport.

The following is a summary of lease receivables of the business-type activities for the year ended June 30, 2023:

	Balance July 1, 2022	Additions	Retirements	Balance June 30, 2023	Amount Due Within One Year
Lease Receivable:					
Land	\$ 664,544	\$ 38,130	\$ 64,915	\$ 637,759	\$ 68,214
Buildings	<u>218,696</u>	<u>1,438,454</u>	<u>168,659</u>	<u>1,488,491</u>	<u>170,480</u>
Total Lease Receivable	<u>\$ 883,240</u>	<u>\$ 1,476,584</u>	<u>\$ 233,574</u>	<u>\$ 2,126,250</u>	<u>\$ 238,694</u>

The following shows the scheduled minimum payments due related to lessor lease agreements:

Scheduled Minimum Lease Payments at June 30, 2023			
Fiscal Year	Principal	Interest	Total
2024	\$ 238,694	\$ 45,709	\$ 284,403
2025	239,399	40,768	280,167
2026	227,451	35,821	263,272
2027	228,485	30,819	259,304
2028	218,137	25,758	243,895
2029-2033	925,216	51,503	976,719
2034-2035	48,868	529	49,397
Total	\$ 2,126,250	\$ 230,907	\$ 2,357,157

NOTE 3 – RECEIVABLES (CONTINUED)

Details of lease receivables are outlined below:

Lease receivables:	Amount Outstanding	Amount Due Within One Year
At 07/01/2021, the Warrenton-Fauquier Airport was under a lessor agreement to lease t-hangar space for a term of 156 months. The lease receivable at 07/01/2021 was \$202,987.44 and as of 06/30/2023, the value of the lease receivable is \$174,795.88. Payments are due monthly for \$1,212.82 and the lease has an interest rate of 1.2923%. The value of the deferred inflow of resources as of 06/30/2023 was \$171,944.33, and the Warrenton-Fauquier Airport recognized lease revenue of \$15,521.55 during the fiscal year.	\$ 174,796	\$ 14,764
At 07/01/2021, the Warrenton-Fauquier Airport was under a lessor agreement to lease t-hangar space for a term of 69 months. The lease receivable at 07/01/2021 was \$97,832.01 and as of 06/30/2023, the value of the lease receivable is \$64,702.72. The lease has an interest rate of 0.7033%. The value of the deferred inflow of resources as of 06/30/2023 was \$64,032.08, and the Warrenton-Fauquier Airport recognized lease revenue of \$16,899.96 during the fiscal year.	64,703	16,711
At 07/01/2021, the Warrenton-Fauquier Airport was under a lessor agreement to lease t-hangar space for a term of 137 months. The lease receivable at 07/01/2021 was \$209,147.52 and as of 06/30/2023, the value of the lease receivable is \$211,381.94. The lease has an interest rate of 1.2173%. The value of the deferred inflow of resources as of 06/30/2023 was \$209,650.97, and the Warrenton-Fauquier Airport recognized lease revenue of \$19,305.57 during the fiscal year.	211,382	21,315
At 07/01/2021, the Warrenton-Fauquier Airport was under a lessor agreement to lease t-hangar space for a term of 166 months. The lease receivable at 07/01/2021 was \$213,173.52 and as of 06/30/2023, the value of the lease receivable is \$185,371.52. Payments are due monthly for \$1,212.82 and the lease has an interest rate of 1.3270%. The value of the deferred inflow of resources as of 06/30/2023 was \$182,353.25, and the Warrenton-Fauquier Airport recognized lease revenue of \$15,410.13 during the fiscal year.	185,372	14,563
At 01/01/2022, the Warrenton-Fauquier Airport was under a lessor agreement to lease t-hangar space for a term of 48 months. The lease receivable at 01/01/2022 was \$7,153.68 and as of 06/30/2023, the value of the lease receivable is \$4,480.87. Payments are due monthly for \$150.00 and the lease has an interest rate of 0.3300%. The value of the deferred inflow of resources as of 06/30/2023 was \$4,471.05, and the Warrenton-Fauquier Airport recognized lease revenue of \$1,788.42 during the fiscal year.	4,481	1,788
At 07/01/2021, the Warrenton-Fauquier Airport was under a lessor agreement to lease t-hangar space for a term of 82 months. The lease receivable at 07/01/2021 was \$21,231.75 and as of 06/30/2023, the value of the lease receivable is \$15,096.77. Payments are due monthly for \$264.00 and the lease has an interest rate of 0.5773%. The value of the deferred inflow of resources as of 06/30/2023 was \$15,017.58, and the Warrenton-Fauquier Airport recognized lease revenue of \$3,107.08 during the fiscal year.	15,097	3,089

NOTE 3 – RECEIVABLES (CONTINUED)

Lease receivables: (continued)	Amount Outstanding	Amount Due Within One Year
At 09/25/2021, the Warrenton-Fauquier Airport was under a lessor agreement to lease airplane tie down space for a term of 48 months. The lease receivable at 09/25/2021 was \$3,455.59 and as of 06/30/2023, the value of the lease receivable is \$1,939.07. Payments are due monthly for \$72.00 and the lease has an interest rate of 0.2177%. The value of the deferred inflow of resources as of 06/30/2023 was \$1,935.70, and the Warrenton-Fauquier Airport recognized lease revenue of \$860.31 during the fiscal year.	\$ 1,939	\$ 861
At 07/01/2021, the Warrenton-Fauquier Airport was under a lessor agreement to lease t-hangar space for a term of 81 months. The lease receivable at 07/01/2021 was \$24,931.22 and as of 06/30/2023, the value of the lease receivable is \$17,727.25. Payments are due monthly for \$310.00 and the lease has an interest rate of 0.5773%. The value of the deferred inflow of resources as of 06/30/2023 was \$17,565.41, and the Warrenton-Fauquier Airport recognized lease revenue of \$3,682.90 during the fiscal year.	17,727	3,627
At 07/01/2021, the Warrenton-Fauquier Airport was under a lessor agreement to lease t-hangar space for a term of 46 months. The lease receivable at 07/01/2021 was \$14,201.97 and as of 06/30/2023, the value of the lease receivable is \$6,805.80. Payments are due monthly for \$310.00 and the lease has an interest rate of 0.2177%. The value of the deferred inflow of resources as of 06/30/2023 was \$6,792.24, and the Warrenton-Fauquier Airport recognized lease revenue of \$3,704.86 during the fiscal year.	6,806	3,709
At 07/01/2021, the Warrenton-Fauquier Airport was under a lessor agreement to lease airplane tie-down space for a term of 45 months. The lease receivable at 07/01/2021 was \$3,213.01 and as of 06/30/2023, the value of the lease receivable is \$1,505.68. Payments are due monthly for \$72.00 and the lease has an interest rate of 0.4570%. The value of the deferred inflow of resources as of 06/30/2023 was \$1,499.41, and the Warrenton-Fauquier Airport recognized lease revenue of \$856.80 during the fiscal year.	1,506	859
At 07/01/2021, the Warrenton-Fauquier Airport was under a lessor agreement to lease office space for a term of 45 months. The lease receivable at 07/01/2021 was \$40,162.65 and as of 06/30/2023, the value of the lease receivable is \$18,821.07. Payments are due monthly for \$900.00 and the lease has an interest rate of 0.4570%. The value of the deferred inflow of resources as of 06/30/2023 was \$18,742.57, and the Warrenton-Fauquier Airport recognized lease revenue of \$10,710.04 during the fiscal year.	18,821	10,735
At 07/01/2021, the Warrenton-Fauquier Airport was under a lessor agreement to lease office space for a term of 110 months. The lease receivable at 07/01/2021 was \$136,706.21 and as of 06/30/2023, the value of the lease receivable is \$107,324.94. Payments are due monthly for \$1,268.75 and the lease has an interest rate of 0.4570%. The value of the deferred inflow of resources as of 06/30/2023 was \$106,879.40, and the Warrenton-Fauquier Airport recognized lease revenue of \$14,913.40 during the fiscal year. The lessee has 1 extension option(s), each for 60 months.	107,325	14,765

NOTE 3 – RECEIVABLES (CONTINUED)

Lease receivables: (continued)	Amount Outstanding	Amount Due Within One Year
On 07/01/2022, Fauquier County, VA entered into a 120 month lease as lessor for the use of T-Hanger 401. An initial lease receivable was recorded in the amount of \$34,899.47. As of 06/30/2023, the value of the lease receivable is \$31,772.99. The lessee is required to make monthly fixed payments of \$335.00. The lease has an interest rate of 2.9270%. The value of the deferred inflow of resources as of 06/30/2023 was \$31,409.52, and Fauquier County, VA recognized lease revenue of \$3,489.95 during the fiscal year. The lessee had a termination period of 1 month as of the lease commencement.	\$ 31,773	\$ 3,132
On 07/01/2022, Fauquier County, VA entered into a 120 month lease as lessor for the use of T-Hanger 408. An initial lease receivable was recorded in the amount of \$30,107.30. As of 06/30/2023, the value of the lease receivable is \$27,410.13. The lessee is required to make monthly fixed payments of \$289.00. The lease has an interest rate of 2.9270%. The value of the deferred inflow of resources as of 06/30/2023 was \$27,096.57, and Fauquier County, VA recognized lease revenue of \$3,010.73 during the fiscal year. The lessee had a termination period of 1 month as of the lease commencement.	27,410	2,702
On 07/01/2022, Fauquier County, VA entered into a 120 month lease as lessor for the use of Condo 63. An initial lease receivable was recorded in the amount of \$36,462.13. As of 06/30/2023, the value of the lease receivable is \$33,195.64. The lessee is required to make monthly fixed payments of \$350.00. The lease has an interest rate of 2.9270%. The value of the deferred inflow of resources as of 06/30/2023 was \$32,815.92, and Fauquier County, VA recognized lease revenue of \$3,646.21 during the fiscal year. The lessee had a termination period of 1 month as of the lease commencement.	33,196	3,272
On 07/01/2022, Fauquier County, VA entered into a 120 month lease as lessor for the use of Condo 64. An initial lease receivable was recorded in the amount of \$36,462.13. As of 06/30/2023, the value of the lease receivable is \$33,195.64. The lessee is required to make monthly fixed payments of \$350.00. The lease has an interest rate of 2.9270%. The value of the deferred inflow of resources as of 06/30/2023 was \$32,815.92, and Fauquier County, VA recognized lease revenue of \$3,646.21 during the fiscal year. The lessee had a termination period of 1 month as of the lease commencement.	33,196	3,272
On 07/01/2022, Fauquier County, VA entered into a 119 month lease as lessor for the use of Tie Down T03 - T04 - T05 - T06. An initial lease receivable was recorded in the amount of \$29,787.60. As of 06/30/2023, the value of the lease receivable is \$27,093.91. The lessee is required to make monthly fixed payments of \$288.00. The lease has an interest rate of 2.9270%. The value of the deferred inflow of resources as of 06/30/2023 was \$26,783.81, and Fauquier County, VA recognized lease revenue of \$3,003.79 during the fiscal year. The lessee has 9 extension option(s), each for 12 months. The lessee had a termination period of 1 month as of the lease commencement.	27,094	2,698

NOTE 3 – RECEIVABLES (CONTINUED)

Lease receivables: (continued)	Amount Outstanding	Amount Due Within One Year
On 07/01/2022, Fauquier County, VA entered into a 120 month lease as lessor for the use of Tie Down C21. An initial lease receivable was recorded in the amount of \$7,500.78. As of 06/30/2023, the value of the lease receivable is \$6,828.82. The lessee is required to make monthly fixed payments of \$72.00. The lease has an interest rate of 2.9270%. The value of the deferred inflow of resources as of 06/30/2023 was \$6,750.70, and Fauquier County, VA recognized lease revenue of \$750.08 during the fiscal year. The lessee has 9 extension option(s), each for 12 months. The lessee had a termination period of 1 month as of the lease commencement.	\$ 6,829	\$ 673
On 03/01/2023, Fauquier County, VA entered into a 120 month lease as lessor for the use of Tie Down N23. An initial lease receivable was recorded in the amount of \$7,285.73. As of 06/30/2023, the value of the lease receivable is \$7,061.27. The lessee is required to make monthly fixed payments of \$72.00. The lease has an interest rate of 3.5490%. The value of the deferred inflow of resources as of 06/30/2023 was \$7,042.87, and Fauquier County, VA recognized lease revenue of \$242.86 during the fiscal year. The lessee has 9 extension option(s), each for 12 months. The lessee had a termination period of 1 month as of the lease commencement.	7,061	623
On 02/01/2023, Fauquier County, VA entered into a 120 month lease as lessor for the use of Hanger 101-1. An initial lease receivable was recorded in the amount of \$7,285.73. As of 06/30/2023, the value of the lease receivable is \$7,010.15. The lessee is required to make monthly fixed payments of \$72.00. The lease has an interest rate of 3.5490%. The value of the deferred inflow of resources as of 06/30/2023 was \$6,982.16, and Fauquier County, VA recognized lease revenue of \$303.57 during the fiscal year. The lessee has 9 extension option(s), each for 12 months. The lessee had a termination period of 1 month as of the lease commencement.	7,010	625
On 07/01/2022, Fauquier County, VA entered into a 120 month lease as lessor for the use of Hanger 208. An initial lease receivable was recorded in the amount of \$30,107.30. As of 06/30/2023, the value of the lease receivable is \$27,410.13. The lessee is required to make monthly fixed payments of \$289.00. The lease has an interest rate of 2.9270%. The value of the deferred inflow of resources as of 06/30/2023 was \$27,096.57, and Fauquier County, VA recognized lease revenue of \$3,010.73 during the fiscal year. The lessee has 9 extension option(s), each for 12 months. The lessee had a termination period of 1 month as of the lease commencement.	27,410	2,702
On 07/01/2022, Fauquier County, VA entered into a 120 month lease as lessor for the use of T-Hanger 309. An initial lease receivable was recorded in the amount of \$30,107.30. As of 06/30/2023, the value of the lease receivable is \$27,410.13. The lessee is required to make monthly fixed payments of \$289.00. The lease has an interest rate of 2.9270%. The value of the deferred inflow of resources as of 06/30/2023 was \$27,096.57, and Fauquier County, VA recognized lease revenue of \$3,010.73 during the fiscal year. The lessee had a termination period of 1 month as of the lease commencement.	27,410	2,702

NOTE 3 – RECEIVABLES (CONTINUED)

	Amount Outstanding	Amount Due Within One Year
Lease receivables: (continued)		
On 01/01/2023, Fauquier County, VA entered into a 120 month lease as lessor for the use of Tie Down N21. An initial lease receivable was recorded in the amount of \$7,253.98. As of 06/30/2023, the value of the lease receivable is \$6,929.46. The lessee is required to make monthly fixed payments of \$72.00. The lease has an interest rate of 3.6430%. The value of the deferred inflow of resources as of 06/30/2023 was \$6,891.28, and Fauquier County, VA recognized lease revenue of \$362.70 during the fiscal year. The lessee had a termination period of 1 month as of the lease commencement.	\$ 6,929	\$ 622
On 11/01/2022, Fauquier County, VA entered into a 120 month lease as lessor for the use of Soft Sided Hanger AUR5. An initial lease receivable was recorded in the amount of \$15,178.61. As of 06/30/2023, the value of the lease receivable is \$14,283.15. The lessee is required to make monthly fixed payments of \$150.00. The lease has an interest rate of 3.5490%. The value of the deferred inflow of resources as of 06/30/2023 was \$14,166.70, and Fauquier County, VA recognized lease revenue of \$1,011.91 during the fiscal year. The lessee had a termination period of 1 month as of the lease commencement.	14,283	1,314
On 01/01/2023, Fauquier County, VA entered into a 120 month lease as lessor for the use of Tie Down N20. An initial lease receivable was recorded in the amount of \$7,253.98. As of 06/30/2023, the value of the lease receivable is \$6,929.46. The lessee is required to make monthly fixed payments of \$72.00. The lease has an interest rate of 3.6430%. The value of the deferred inflow of resources as of 06/30/2023 was \$6,891.28, and Fauquier County, VA recognized lease revenue of \$362.70 during the fiscal year. The lessee had a termination period of 1 month as of the lease commencement.	6,929	622
On 07/01/2022, Fauquier County, VA entered into a 120 month lease as lessor for the use of Soft Sided Hanger AUR4. An initial lease receivable was recorded in the amount of \$15,626.63. As of 06/30/2023, the value of the lease receivable is \$14,226.71. The lessee is required to make monthly fixed payments of \$150.00. The lease has an interest rate of 2.9270%. The value of the deferred inflow of resources as of 06/30/2023 was \$14,063.96, and Fauquier County, VA recognized lease revenue of \$1,562.66 during the fiscal year. The lessee had a termination period of 1 month as of the lease commencement.	14,227	1,402
On 07/01/2022, Fauquier County, VA entered into a 120 month lease as lessor for the use of T-Hanger 206. An initial lease receivable was recorded in the amount of \$30,107.30. As of 06/30/2023, the value of the lease receivable is \$27,410.13. The lessee is required to make monthly fixed payments of \$289.00. The lease has an interest rate of 2.9270%. The value of the deferred inflow of resources as of 06/30/2023 was \$27,096.57, and Fauquier County, VA recognized lease revenue of \$3,010.73 during the fiscal year. The lessee had a termination period of 1 month as of the lease commencement.	27,410	2,702

NOTE 3 – RECEIVABLES (CONTINUED)

	Amount Outstanding	Amount Due Within One Year
Lease receivables: (continued)		
On 07/01/2022, Fauquier County, VA entered into a 120 month lease as lessor for the use of T-Hanger 301. An initial lease receivable was recorded in the amount of \$34,899.47. As of 06/30/2023, the value of the lease receivable is \$31,772.99. The lessee is required to make monthly fixed payments of \$335.00. The lease has an interest rate of 2.9270%. The value of the deferred inflow of resources as of 06/30/2023 was \$31,409.52, and Fauquier County, VA recognized lease revenue of \$3,489.95 during the fiscal year. The lessee had a termination period of 1 month as of the lease commencement.	\$ 31,773	\$ 3,132
On 07/01/2022, Fauquier County, VA entered into a 120 month lease as lessor for the use of T-Hanger 303. An initial lease receivable was recorded in the amount of \$30,107.30. As of 06/30/2023, the value of the lease receivable is \$27,410.13. The lessee is required to make monthly fixed payments of \$289.00. The lease has an interest rate of 2.9270%. The value of the deferred inflow of resources as of 06/30/2023 was \$27,096.57, and Fauquier County, VA recognized lease revenue of \$3,010.73 during the fiscal year. The lessee had a termination period of 1 month as of the lease commencement.	27,410	2,702
On 07/01/2022, Fauquier County, VA entered into a 120 month lease as lessor for the use of T-Hanger 304. An initial lease receivable was recorded in the amount of \$30,107.30. As of 06/30/2023, the value of the lease receivable is \$27,410.13. The lessee is required to make monthly fixed payments of \$289.00. The lease has an interest rate of 2.9270%. The value of the deferred inflow of resources as of 06/30/2023 was \$27,096.57, and Fauquier County, VA recognized lease revenue of \$3,010.73 during the fiscal year. The lessee had a termination period of 1 month as of the lease commencement.	27,410	2,702
On 07/01/2022, Fauquier County, VA entered into a 120 month lease as lessor for the use of T-Hanger 308. An initial lease receivable was recorded in the amount of \$30,107.30. As of 06/30/2023, the value of the lease receivable is \$27,410.13. The lessee is required to make monthly fixed payments of \$289.00. The lease has an interest rate of 2.9270%. The value of the deferred inflow of resources as of 06/30/2023 was \$27,096.57, and Fauquier County, VA recognized lease revenue of \$3,010.73 during the fiscal year. The lessee had a termination period of 1 month as of the lease commencement.	27,410	2,702
On 07/01/2022, Fauquier County, VA entered into a 120 month lease as lessor for the use of T-Hanger 305. An initial lease receivable was recorded in the amount of \$30,107.30. As of 06/30/2023, the value of the lease receivable is \$27,410.13. The lessee is required to make monthly fixed payments of \$289.00. The lease has an interest rate of 2.9270%. The value of the deferred inflow of resources as of 06/30/2023 was \$27,096.57, and Fauquier County, VA recognized lease revenue of \$3,010.73 during the fiscal year. The lessee had a termination period of 1 month as of the lease commencement.	27,410	2,702

NOTE 3 – RECEIVABLES (CONTINUED)

Lease receivables: (continued)	Amount Outstanding	Amount Due Within One Year
On 07/01/2022, Fauquier County, VA entered into a 120 month lease as lessor for the use of T-Hanger 409. An initial lease receivable was recorded in the amount of \$30,107.30. As of 06/30/2023, the value of the lease receivable is \$27,410.13. The lessee is required to make monthly fixed payments of \$289.00. The lease has an interest rate of 2.9270%. The value of the deferred inflow of resources as of 06/30/2023 was \$27,096.57, and Fauquier County, VA recognized lease revenue of \$3,010.73 during the fiscal year. The lessee had a termination period of 1 month as of the lease commencement.	\$ 27,410	\$ 2,702
On 07/01/2022, Fauquier County, VA entered into a 120 month lease as lessor for the use of T-Hanger 410. An initial lease receivable was recorded in the amount of \$34,899.47. As of 06/30/2023, the value of the lease receivable is \$31,772.99. The lessee is required to make monthly fixed payments of \$335.00. The lease has an interest rate of 2.9270%. The value of the deferred inflow of resources as of 06/30/2023 was \$31,409.52, and Fauquier County, VA recognized lease revenue of \$3,489.95 during the fiscal year. The lessee had a termination period of 1 month as of the lease commencement.	31,773	3,132
On 11/01/2022, Fauquier County, VA entered into a 120 month lease as lessor for the use of T-Hanger 402. An initial lease receivable was recorded in the amount of \$29,244.12. As of 06/30/2023, the value of the lease receivable is \$27,518.87. The lessee is required to make monthly fixed payments of \$289.00. The lease has an interest rate of 3.5490%. The value of the deferred inflow of resources as of 06/30/2023 was \$27,294.51, and Fauquier County, VA recognized lease revenue of \$1,949.61 during the fiscal year. The lessee had a termination period of 1 month as of the lease commencement.	27,519	2,532
On 07/01/2022, Fauquier County, VA entered into a 120 month lease as lessor for the use of Condo 68. An initial lease receivable was recorded in the amount of \$36,462.13. As of 06/30/2023, the value of the lease receivable is \$33,195.64. The lessee is required to make monthly fixed payments of \$350.00. The lease has an interest rate of 2.9270%. The value of the deferred inflow of resources as of 06/30/2023 was \$32,815.92, and Fauquier County, VA recognized lease revenue of \$3,646.21 during the fiscal year. The lessee had a termination period of 1 month as of the lease commencement.	33,196	3,272
On 07/01/2022, Fauquier County, VA entered into a 120 month lease as lessor for the use of Condo 69. An initial lease receivable was recorded in the amount of \$36,144.97. As of 06/30/2023, the value of the lease receivable is \$33,464.02. The lessee is required to make monthly fixed payments of \$350.00. The lease has an interest rate of 2.9270%. The value of the deferred inflow of resources as of 06/30/2023 was \$32,560.34, and Fauquier County, VA recognized lease revenue of \$3,584.62 during the fiscal year. The lessee had a termination period of 1 month as of the lease commencement.	33,464	3,264

NOTE 3 – RECEIVABLES (CONTINUED)

Lease receivables: (continued)	Amount Outstanding	Amount Due Within One Year
On 05/01/2023, Fauquier County, VA entered into a 24 month lease as lessor for the use of 5075 Key West Trading. An initial lease receivable was recorded in the amount of \$8,147.49. As of 06/30/2023, the value of the lease receivable is \$7,468.33. The lessee is required to make monthly fixed payments of \$350.00. The lease has an interest rate of 3.2070%. The value of the deferred inflow of resources as of 06/30/2023 was \$7,468.53, and Fauquier County, VA recognized lease revenue of \$678.96 during the fiscal year.	\$ 7,468	\$ 4,019
On 01/01/2023, Fauquier County, VA entered into a 120 month lease as lessor for the use of Condo 62. An initial lease receivable was recorded in the amount of \$35,470.37. As of 06/30/2023, the value of the lease receivable is \$34,077.21. The lessee is required to make monthly fixed payments of \$350.00. The lease has an interest rate of 3.5490%. The value of the deferred inflow of resources as of 06/30/2023 was \$33,711.51, and Fauquier County, VA recognized lease revenue of \$1,758.86 during the fiscal year. The lessee had a termination period of 1 month as of the lease commencement.	34,077	3,040
On 02/01/2023, Fauquier County, VA entered into a 120 month lease as lessor for the use of T-Hanger 102. An initial lease receivable was recorded in the amount of \$29,244.12. As of 06/30/2023, the value of the lease receivable is \$28,138.04. The lessee is required to make monthly fixed payments of \$289.00. The lease has an interest rate of 3.5490%. The value of the deferred inflow of resources as of 06/30/2023 was \$28,025.61, and Fauquier County, VA recognized lease revenue of \$1,218.50 during the fiscal year. The lessee had a termination period of 1 month as of the lease commencement.	28,138	2,510
On 07/01/2022, Fauquier County, VA entered into a 120 month lease as lessor for the use of T-Hanger 103. An initial lease receivable was recorded in the amount of \$30,107.30. As of 06/30/2023, the value of the lease receivable is \$27,410.13. The lessee is required to make monthly fixed payments of \$289.00. The lease has an interest rate of 2.9270%. The value of the deferred inflow of resources as of 06/30/2023 was \$27,096.57, and Fauquier County, VA recognized lease revenue of \$3,010.73 during the fiscal year. The lessee had a termination period of 1 month as of the lease commencement.	27,410	2,702
On 07/01/2022, Fauquier County, VA entered into a 120 month lease as lessor for the use of T-Hanger 104. An initial lease receivable was recorded in the amount of \$30,107.30. As of 06/30/2023, the value of the lease receivable is \$27,410.13. The lessee is required to make monthly fixed payments of \$289.00. The lease has an interest rate of 2.9270%. The value of the deferred inflow of resources as of 06/30/2023 was \$27,096.57, and Fauquier County, VA recognized lease revenue of \$3,010.73 during the fiscal year. The lessee had a termination period of 1 month as of the lease commencement.	27,410	2,702

NOTE 3 – RECEIVABLES (CONTINUED)

Lease receivables: (continued)	Amount Outstanding	Amount Due Within One Year
On 07/01/2022, Fauquier County, VA entered into a 120 month lease as lessor for the use of T-Hanger 105. An initial lease receivable was recorded in the amount of \$30,107.30. As of 06/30/2023, the value of the lease receivable is \$27,410.13. The lessee is required to make monthly fixed payments of \$289.00. The lease has an interest rate of 2.9270%. The value of the deferred inflow of resources as of 06/30/2023 was \$27,096.57, and Fauquier County, VA recognized lease revenue of \$3,010.73 during the fiscal year. The lessee had a termination period of 1 month as of the lease commencement.	\$ 27,410	\$ 2,702
On 07/01/2022, Fauquier County, VA entered into a 120 month lease as lessor for the use of T-Hanger 106. An initial lease receivable was recorded in the amount of \$30,107.30. As of 06/30/2023, the value of the lease receivable is \$27,410.13. The lessee is required to make monthly fixed payments of \$289.00. The lease has an interest rate of 2.9270%. The value of the deferred inflow of resources as of 06/30/2023 was \$27,096.57, and Fauquier County, VA recognized lease revenue of \$3,010.73 during the fiscal year. The lessee had a termination period of 1 month as of the lease commencement.	27,410	2,702
On 07/01/2022, Fauquier County, VA entered into a 120 month lease as lessor for the use of T-Hanger 107 - 117. An initial lease receivable was recorded in the amount of \$30,107.30. As of 06/30/2023, the value of the lease receivable is \$27,410.13. The lessee is required to make monthly fixed payments of \$289.00. The lease has an interest rate of 2.9270%. The value of the deferred inflow of resources as of 06/30/2023 was \$27,096.57, and Fauquier County, VA recognized lease revenue of \$3,010.73 during the fiscal year. The lessee had a termination period of 1 month as of the lease commencement.	27,410	2,702
On 07/01/2022, Fauquier County, VA entered into a 120 month lease as lessor for the use of Condo 67. An initial lease receivable was recorded in the amount of \$36,462.13. As of 06/30/2023, the value of the lease receivable is \$33,195.64. The lessee is required to make monthly fixed payments of \$350.00. The lease has an interest rate of 2.9270%. The value of the deferred inflow of resources as of 06/30/2023 was \$32,815.92, and Fauquier County, VA recognized lease revenue of \$3,646.21 during the fiscal year. The lessee had a termination period of 1 month as of the lease commencement.	33,196	3,272
On 07/01/2022, Fauquier County, VA entered into a 120 month lease as lessor for the use of T-Hanger 202. An initial lease receivable was recorded in the amount of \$30,107.30. As of 06/30/2023, the value of the lease receivable is \$27,410.13. The lessee is required to make monthly fixed payments of \$289.00. The lease has an interest rate of 2.9270%. The value of the deferred inflow of resources as of 06/30/2023 was \$27,096.57, and Fauquier County, VA recognized lease revenue of \$3,010.73 during the fiscal year. The lessee had a termination period of 1 month as of the lease commencement.	27,410	2,702

NOTE 3 – RECEIVABLES (CONTINUED)

Lease receivables: (continued)	Amount Outstanding	Amount Due Within One Year
On 07/01/2022, Fauquier County, VA entered into a 120 month lease as lessor for the use of T-Hanger 204. An initial lease receivable was recorded in the amount of \$30,107.30. As of 06/30/2023, the value of the lease receivable is \$27,410.13. The lessee is required to make monthly fixed payments of \$289.00. The lease has an interest rate of 2.9270%. The value of the deferred inflow of resources as of 06/30/2023 was \$27,096.57, and Fauquier County, VA recognized lease revenue of \$3,010.73 during the fiscal year. The lessee had a termination period of 1 month as of the lease commencement.	\$ 27,410	\$ 2,702
On 07/01/2022, Fauquier County, VA entered into a 120 month lease as lessor for the use of T-Hanger 207. An initial lease receivable was recorded in the amount of \$30,107.30. As of 06/30/2023, the value of the lease receivable is \$27,410.13. The lessee is required to make monthly fixed payments of \$289.00. The lease has an interest rate of 2.9270%. The value of the deferred inflow of resources as of 06/30/2023 was \$27,096.57, and Fauquier County, VA recognized lease revenue of \$3,010.73 during the fiscal year. The lessee had a termination period of 1 month as of the lease commencement.	27,410	2,702
On 07/01/2022, Fauquier County, VA entered into a 120 month lease as lessor for the use of T-Hanger 210. An initial lease receivable was recorded in the amount of \$34,899.47. As of 06/30/2023, the value of the lease receivable is \$31,772.99. The lessee is required to make monthly fixed payments of \$335.00. The lease has an interest rate of 2.9270%. The value of the deferred inflow of resources as of 06/30/2023 was \$31,409.52, and Fauquier County, VA recognized lease revenue of \$3,489.95 during the fiscal year. The lessee had a termination period of 1 month as of the lease commencement.	31,773	3,132
On 07/01/2022, Fauquier County, VA entered into a 120 month lease as lessor for the use of T-Hanger 302. An initial lease receivable was recorded in the amount of \$30,107.30. As of 06/30/2023, the value of the lease receivable is \$27,410.13. The lessee is required to make monthly fixed payments of \$289.00. The lease has an interest rate of 2.9270%. The value of the deferred inflow of resources as of 06/30/2023 was \$27,096.57, and Fauquier County, VA recognized lease revenue of \$3,010.73 during the fiscal year. The lessee had a termination period of 1 month as of the lease commencement.	27,410	2,702
On 07/01/2022, Fauquier County, VA entered into a 120 month lease as lessor for the use of T-Hanger 307. An initial lease receivable was recorded in the amount of \$30,107.30. As of 06/30/2023, the value of the lease receivable is \$27,410.13. The lessee is required to make monthly fixed payments of \$289.00. The lease has an interest rate of 2.9270%. The value of the deferred inflow of resources as of 06/30/2023 was \$27,096.57, and Fauquier County, VA recognized lease revenue of \$3,010.73 during the fiscal year. The lessee had a termination period of 1 month as of the lease commencement.	27,410	2,702

NOTE 3 – RECEIVABLES (CONTINUED)

Lease receivables: (continued)	Amount Outstanding	Amount Due Within One Year
On 07/01/2022, Fauquier County, VA entered into a 120 month lease as lessor for the use of Condo 66. An initial lease receivable was recorded in the amount of \$36,462.13. As of 06/30/2023, the value of the lease receivable is \$33,195.64. The lessee is required to make monthly fixed payments of \$350.00. The lease has an interest rate of 2.9270%. The value of the deferred inflow of resources as of 06/30/2023 was \$32,815.92, and Fauquier County, VA recognized lease revenue of \$3,646.21 during the fiscal year. The lessee had a termination period of 1 month as of the lease commencement.	\$ 33,196	\$ 3,272
On 07/01/2022, Fauquier County, VA entered into a 120 month lease as lessor for the use of T-Hanger 403. An initial lease receivable was recorded in the amount of \$30,107.30. As of 06/30/2023, the value of the lease receivable is \$27,410.13. The lessee is required to make monthly fixed payments of \$289.00. The lease has an interest rate of 2.9270%. The value of the deferred inflow of resources as of 06/30/2023 was \$27,096.57, and Fauquier County, VA recognized lease revenue of \$3,010.73 during the fiscal year. The lessee had a termination period of 1 month as of the lease commencement.	27,410	2,702
On 07/01/2022, Fauquier County, VA entered into a 120 month lease as lessor for the use of T-Hanger 405. An initial lease receivable was recorded in the amount of \$30,107.30. As of 06/30/2023, the value of the lease receivable is \$27,410.13. The lessee is required to make monthly fixed payments of \$289.00. The lease has an interest rate of 2.9270%. The value of the deferred inflow of resources as of 06/30/2023 was \$27,096.57, and Fauquier County, VA recognized lease revenue of \$3,010.73 during the fiscal year. The lessee had a termination period of 1 month as of the lease commencement.	27,410	2,702
On 07/01/2022, Fauquier County, VA entered into a 120 month lease as lessor for the use of T-Hanger 406. An initial lease receivable was recorded in the amount of \$30,107.30. As of 06/30/2023, the value of the lease receivable is \$27,410.13. The lessee is required to make monthly fixed payments of \$289.00. The lease has an interest rate of 2.9270%. The value of the deferred inflow of resources as of 06/30/2023 was \$27,096.57, and Fauquier County, VA recognized lease revenue of \$3,010.73 during the fiscal year. The lessee had a termination period of 1 month as of the lease commencement.	27,410	2,702
On 07/01/2022, Fauquier County, VA entered into a 120 month lease as lessor for the use of Condo 70. An initial lease receivable was recorded in the amount of \$36,462.13. As of 06/30/2023, the value of the lease receivable is \$33,195.64. The lessee is required to make monthly fixed payments of \$350.00. The lease has an interest rate of 2.9270%. The value of the deferred inflow of resources as of 06/30/2023 was \$32,815.92, and Fauquier County, VA recognized lease revenue of \$3,646.21 during the fiscal year. The lessee had a termination period of 1 month as of the lease commencement.	33,196	3,272

NOTE 3 – RECEIVABLES (CONTINUED)

	Amount Outstanding	Amount Due Within One Year
Lease receivables: (continued)		
On 07/01/2022, Fauquier County, VA entered into a 120 month lease as lessor for the use of Condo 60. An initial lease receivable was recorded in the amount of \$36,462.13. As of 06/30/2023, the value of the lease receivable is \$33,195.64. The lessee is required to make monthly fixed payments of \$350.00. The lease has an interest rate of 2.9270%. The value of the deferred inflow of resources as of 06/30/2023 was \$32,815.92, and Fauquier County, VA recognized lease revenue of \$3,646.21 during the fiscal year. The lessee had a termination period of 1 month as of the lease commencement.	\$ 33,196	\$ 3,272
On 07/01/2022, Fauquier County, VA entered into a 120 month lease as lessor for the use of Condo 65. An initial lease receivable was recorded in the amount of \$36,462.13. As of 06/30/2023, the value of the lease receivable is \$33,195.64. The lessee is required to make monthly fixed payments of \$350.00. The lease has an interest rate of 2.9270%. The value of the deferred inflow of resources as of 06/30/2023 was \$32,815.92, and Fauquier County, VA recognized lease revenue of \$3,646.21 during the fiscal year. The lessee had a termination period of 1 month as of the lease commencement.	33,196	3,272
On 07/01/2022, Fauquier County, VA entered into a 120 month lease as lessor for the use of Condo 73. An initial lease receivable was recorded in the amount of \$36,462.13. As of 06/30/2023, the value of the lease receivable is \$33,195.64. The lessee is required to make monthly fixed payments of \$350.00. The lease has an interest rate of 2.9270%. The value of the deferred inflow of resources as of 06/30/2023 was \$32,815.92, and Fauquier County, VA recognized lease revenue of \$3,646.21 during the fiscal year. The lessee had a termination period of 1 month as of the lease commencement.	33,196	3,272
On 07/01/2022, Fauquier County, VA entered into a 120 month lease as lessor for the use of Condo 71. An initial lease receivable was recorded in the amount of \$36,462.13. As of 06/30/2023, the value of the lease receivable is \$33,195.64. The lessee is required to make monthly fixed payments of \$350.00. The lease has an interest rate of 2.9270%. The value of the deferred inflow of resources as of 06/30/2023 was \$32,815.92, and Fauquier County, VA recognized lease revenue of \$3,646.21 during the fiscal year. The lessee had a termination period of 1 month as of the lease commencement.	33,196	3,272
On 07/01/2022, Fauquier County, VA entered into a 120 month lease as lessor for the use of Condo 72. An initial lease receivable was recorded in the amount of \$36,462.13. As of 06/30/2023, the value of the lease receivable is \$33,195.64. The lessee is required to make monthly fixed payments of \$350.00. The lease has an interest rate of 2.9270%. The value of the deferred inflow of resources as of 06/30/2023 was \$32,815.92, and Fauquier County, VA recognized lease revenue of \$3,646.21 during the fiscal year. The lessee had a termination period of 1 month as of the lease commencement.	<u>33,195</u>	<u>3,272</u>
Total receivables	\$ <u>2,126,250</u>	\$ <u>238,694</u>

NOTE 3 – RECEIVABLES (CONTINUED)

DISCRETELY PRESENTED COMPONENT UNITS

	Economic Development Authority	School Board						Total
		School General Fund	School Asset Replacement Fund	School Grant Fund	School Textbook Fund	School Nutrition Fund	School Activity Fund	
		Fund	Fund	Fund	Fund	Fund	Fund	
Accounts	\$ -	\$ 71,683	\$ 7,487	\$ 59,479	\$ 426	\$ 1,111	\$ 26,027	\$ 166,213
Loans	29,715	-	-	-	-	-	-	29,715
Due from other funds	-	18,848	1,494,590	-	-	-	-	1,513,438
Due from other governmental units	-	<u>2,564,862</u>	<u>828,478</u>	<u>2,393,745</u>	-	<u>278,503</u>	-	<u>6,065,588</u>
Net receivables	\$ <u>29,715</u>	\$ <u>2,655,393</u>	\$ <u>2,330,555</u>	\$ <u>2,453,224</u>	\$ <u>426</u>	\$ <u>279,614</u>	\$ <u>26,027</u>	\$ <u>7,745,239</u>

The Economic Development Authority administers a microloan program for the purposes of making low interest, short term loans to businesses in the County to assist with startup and business initiatives, and to foster economic development within the County. This program was established with funding support from the Economic Development Authority along with five local banks.

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

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

	Unearned Revenue
School General Fund	\$ 364,255
School Nutrition Fund	<u>116,193</u>
Total	\$ <u>480,448</u>

NOTE 4 – INTERFUND AND INTER-ENTITY RECEIVABLES AND PAYABLES

The following is a summary of interfund obligations as of June 30, 2023:

Current:

Due to / from other funds

Component Units

Receivable Fund	Payable Fund	Amount
School General Fund	School Activity Fund	\$ 18,848
School Asset Replacement Fund	School Grants Fund	<u>1,494,590</u>
Total		\$ <u>1,513,438</u>

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

NOTE 5 – INTERFUND TRANSFERS

The primary purpose of interfund transfers is 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 unassigned revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgeting authorization.

Routine transfers between County funds include:

- Transfers from the General Fund to the Capital Projects Fund to fund projects approved by the Board of Supervisors and to fund capital reserve.
- Transfers from the General Fund to the Debt Service Fund to fund the cost of debt service each fiscal year.
- Transfers from the General Fund to the Enterprise Funds to fund operational costs in the Landfill and Recycling Fund.
- Transfers from the Fire and Rescue Fund to the Debt Service Fund to fund the cost of debt service related to fire station projects in each fiscal year.
- Transfers from the Ambulance Recovery Fund to the Fire and Rescue Fund to fund the cost of fire personnel operating ambulance transports.

Routine transfers between School Board funds include transfers from the School General Fund to the Asset Replacement Fund to cover the cost of projects as approved by the School Board.

During the fiscal year ending June 30, 2023, the following significant and non-routine transfers were made between County funds:

- Transfer from the Fire and Rescue Fund to the Capital Projects Fund to fund fire related projects for which costs were incurred in the Capital Projects Fund.
- Transfer from the American Rescue Plan Fund to the Capital Projects Fund to support the Marshall Streetscape project being funded with American Rescue Plan funds.
- Transfer from the Debt Service Fund to the Enterprise Funds to fund the cost of debt service for debt related to the Catlett Calverton Sewer Project.
- Transfer from the Internal Service Funds to the Capital Projects Fund for costs related to the Employee Health Cottage project for which costs for the project were incurred in the Capital Project Fund.

Interfund transfers for the year ended June 30, 2023, consisted of the following:

Primary Government	Transfers in:								
	General Fund	Capital Projects Fund	Debt Service Fund	Fire and Rescue Fund	American Rescue Plan Fund	Other Governmental Funds	Enterprise Funds	Internal Service Funds	Total
Transfers out:									
General Fund	\$ -	\$ 21,151,717	\$ 11,653,731	\$ 1,267,524	\$ -	\$ 14,329	\$ 7,253,229	\$ 39,734	\$ 41,380,264
Capital Projects Fund	70,247	-	-	-	-	-	117,000	-	187,247
Debt Service Fund	-	-	-	-	-	-	355,140	-	355,140
Fire and Rescue Fund	-	622,825	772,282	-	-	490,097	-	-	1,885,204
American Rescue Plan Fund	-	100,000	-	-	-	-	-	-	100,000
Other Governmental Funds	359,751	-	-	1,056,927	67,516	-	-	-	1,484,194
Enterprise Funds	-	82,511	-	-	-	-	-	-	82,511
Internal Service Funds	10,500	1,076,250	-	-	-	-	-	-	1,086,750
Total	\$ 440,498	\$ 23,033,303	\$ 12,426,013	\$ 2,324,451	\$ 67,516	\$ 504,426	\$ 7,725,369	\$ 39,734	\$ 46,561,310

NOTE 5 – INTERFUND TRANSFERS (CONTINUED)

Component Units	Transfers in:					
	School General Fund	School Asset Replacement Fund	School Grant Fund	School Textbook Fund	School Activity Fund	Total
Transfers out:						
School General Fund	\$ -	\$ 1,804,235	\$ 176,160	\$ 819,588	\$ 14,499	\$ 2,814,482
School Asset Replacement Fund	327,467	-	31,000	-	-	358,467
School Activity Fund	532,766	-	-	-	-	532,766
Total	\$ <u>860,233</u>	\$ <u>1,804,235</u>	\$ <u>207,160</u>	\$ <u>819,588</u>	\$ <u>14,499</u>	\$ <u>3,705,715</u>

NOTE 6 – DUE FROM OTHER GOVERNMENTAL UNITS

The following is a summary of amounts due from other governmental units at June 30, 2023:

	Primary Government	Component Unit School Board
Commonwealth of Virginia:		
Local sales tax	\$ 2,408,229	\$ -
State sales tax	-	2,564,862
Shared expenses	496,982	-
Comprehensive services	633,926	-
Miscellaneous grants	790,214	476,467
Airport grants	349,857	-
Federal Government:		
School fund grants	-	3,024,259
Airport grants	170,885	-
Other federal grants	917,561	-
Total	\$ <u>5,767,654</u>	\$ <u>6,065,588</u>

Amounts reported in Receivables (Note 3) will not match this note by \$13,725 due to funds from a prior year deemed uncollectible and written off.

NOTE 7 – CAPITAL ASSETS

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2023:

	Balance June 30, 2022*	Additions	Deletions	Transfers	Balance June 30, 2023
Primary government – governmental activities					
Capital assets (non-depreciable/non-amortizable):					
Land	\$ 23,755,885	\$ -	\$ (3,424,804)	\$ -	\$ 20,331,081
Construction in progress	15,431,022	16,128,378	-	(495,724)	31,063,676
Intangible assets	853,884	-	-	-	853,884
Total capital assets (non-depreciable/non-amortizable)	40,040,791	16,128,378	(3,424,804)	(495,724)	52,248,641
Other capital assets:					
Buildings and improvements	63,478,336	24,755	-	208,672	63,711,763
Infrastructure	32,362,017	-	-	-	32,362,017
Machinery and equipment	34,916,646	1,866,570	(575,612)	122,252	36,329,856
Intangible assets	1,460,946	-	-	-	1,460,946
Total other capital assets	132,217,945	1,891,325	(575,612)	330,924	133,864,582
Less accumulated depreciation/amortization for:					
Buildings and improvements	(29,509,998)	(1,811,011)	-	-	(31,321,009)
Infrastructure	(14,288,082)	(1,048,266)	-	-	(15,336,348)
Machinery and equipment	(20,500,179)	(2,647,950)	575,612	-	(22,572,517)
Intangible assets	(1,387,674)	(48,838)	-	-	(1,436,512)
Total accumulated depreciation/amortization	(65,685,933)	(5,556,065)	575,612	-	(70,666,386)
Total other capital assets, net	66,532,012	(3,664,740)	-	330,924	63,198,196
Intangible right-to-use assets:					
Lease buildings and improvements	1,212,818	196,937	(81,267)	-	1,328,488
Lease infrastructure	109,625	-	-	-	109,625
Lease machinery and equipment	360,709	132,741	(50,121)	-	443,329
Subscription assets	1,677,551	240,945	-	-	1,918,496
Total intangible right-to-use assets	3,360,703	570,623	(131,388)	-	3,799,938
Less accumulated amortization for:					
Lease buildings and improvements	(276,419)	(283,953)	24,149	-	(536,223)
Lease infrastructure	(20,835)	(20,835)	-	-	(41,670)
Lease machinery and equipment	(114,846)	(137,977)	37,410	-	(215,413)
Subscription assets	-	(573,147)	-	-	(573,147)
Total accumulated amortization	(412,100)	(1,015,912)	61,559	-	(1,366,453)
Total intangible right-to-use assets, net	2,948,603	(445,289)	(69,829)	-	2,433,485
Total capital assets (depreciable/amortizable), net	69,480,615	(4,110,029)	(69,829)	330,924	65,631,681
Governmental activities capital assets, net	109,521,406	12,018,349	(3,494,633)	(164,800)	117,880,322
Primary government – business-type activities					
Airport Fund:					
Capital assets (non-depreciable/non-amortizable):					
Land	6,612,678	-	-	-	6,612,678
Construction in progress	3,814,935	38,217	(4,853)	(3,832,292)	16,007
Intangible assets	228,836	-	-	-	228,836
Total capital assets (non-depreciable/non-amortizable)	10,656,449	38,217	(4,853)	(3,832,292)	6,857,521
Other capital assets:					
Buildings and improvements	8,003,725	-	(70,000)	-	7,933,725
Infrastructure	18,603,008	-	-	3,832,292	22,435,300
Machinery and equipment	487,313	23,589	-	-	510,902
Total other capital assets	27,094,046	23,589	(70,000)	3,832,292	30,879,927
Less accumulated depreciation/amortization for:					
Buildings and improvements	(2,115,435)	(396,151)	70,000	-	(2,441,586)
Infrastructure	(10,934,792)	(410,788)	-	-	(11,345,580)
Machinery and equipment	(414,416)	(14,189)	-	-	(428,605)
Total accumulated depreciation/amortization	(13,464,643)	(821,128)	70,000	-	(14,215,771)
Total other capital assets, net	13,629,403	(797,539)	-	3,832,292	16,664,156

NOTE 7 – CAPITAL ASSETS (CONTINUED)

	Balance June 30, 2022*	Additions	Deletions	Transfers	Balance June 30, 2023
Primary government – business-type activities (continued)					
Airport Fund: (continued)					
Intangible right-to-use assets:					
Lease machinery and equipment	\$ 60,078	\$ -	\$ -	\$ -	\$ 60,078
Total intangible right-to-use assets	60,078	-	-	-	60,078
Less accumulated amortization for:					
Lease machinery and equipment	(12,961)	(13,903)	-	-	(26,864)
Total accumulated depreciation/amortization	(12,961)	(13,903)	-	-	(26,864)
Total intangible right-to-use assets, net	47,117	(13,903)	-	-	33,214
Total capital assets (depreciable/amortizable), net	13,676,520	(811,442)	-	3,832,292	16,697,370
Airport Fund capital assets, net	24,332,969	(773,225)	(4,853)	-	23,554,891
Landfill and Recycling Fund:					
Capital assets (non-depreciable/non-amortizable):					
Landfill site	1,446,449	-	-	-	1,446,449
Construction in progress	3,081,941	3,189,814	-	-	6,271,755
Total capital assets (non-depreciable/non-amortizable)	4,528,390	3,189,814	-	-	7,718,204
Other capital assets:					
Buildings and improvements	21,741,354	-	-	-	21,741,354
Infrastructure	854,306	-	-	-	854,306
Machinery and equipment	3,308,261	-	(391,198)	-	2,917,063
Total other capital assets	25,903,921	-	(391,198)	-	25,512,723
Less accumulated depreciation/amortization for:					
Buildings and improvements	(12,967,983)	(725,877)	-	-	(13,693,860)
Infrastructure	(854,306)	-	-	-	(854,306)
Machinery and equipment	(2,217,783)	(114,936)	374,856	-	(1,957,863)
Total accumulated depreciation/amortization	(16,040,072)	(840,813)	374,856	-	(16,506,029)
Total other capital assets, net	9,863,849	(840,813)	(16,342)	-	9,006,694
Intangible right-to-use assets:					
Lease land	131,548	93,802	-	-	225,350
Lease machinery and equipment	6,029	-	-	-	6,029
Total intangible right-to-use assets	137,577	93,802	-	-	231,379
Less accumulated amortization for:					
Lease land	(28,856)	(41,365)	-	-	(70,221)
Lease machinery and equipment	(2,634)	(2,633)	-	-	(5,267)
Total accumulated amortization	(31,490)	(43,998)	-	-	(75,488)
Total intangible right-to-use assets, net	106,087	49,804	-	-	155,891
Total capital assets (depreciable/amortizable), net	9,969,936	(791,009)	(16,342)	-	9,162,585
Landfill and Recycling Fund capital assets, net	14,498,326	2,398,805	(16,342)	-	16,880,789
Sewer Fund:					
Capital assets (non-depreciable/non-amortizable)					
Land	557,540	-	-	-	557,540
Construction in progress	10,551,036	164,800	(10,708,200)	-	7,636
Total capital assets (non-depreciable/non-amortizable)	11,108,576	164,800	(10,708,200)	-	565,176
Other capital assets:					
Infrastructure	-	10,708,200	-	-	10,708,200
Total other capital assets, net	-	10,708,200	-	-	10,708,200
Less accumulated depreciation/amortization for:					
Infrastructure	-	(118,980)	-	-	(118,980)
Total accumulated depreciation/amortization	-	(118,980)	-	-	(118,980)
Total capital assets (depreciable/amortizable), net	-	10,589,220	-	-	10,589,220
Sewer Fund capital assets, net	11,108,576	10,754,020	(10,708,200)	-	11,154,396
Total business-type activities capital assets, net	49,939,871	12,379,600	(10,729,395)	-	51,590,076

NOTE 7 – CAPITAL ASSETS (CONTINUED)

	Balance June 30, 2022*	Additions	Deletions	Transfers	Balance June 30, 2023
Component unit – School Board					
Capital assets (non-depreciable/non-amortizable):					
Land	\$ 5,579,720	\$ -	\$ (36,200)	\$ -	\$ 5,543,520
Construction in progress	557,490	1,120,213	-	(501,046)	1,176,657
Total capital assets (non-depreciable/non-amortizable)	6,137,210	1,120,213	(36,200)	(501,046)	6,720,177
Other capital assets:					
Buildings and improvements	256,588,385	-	-	167,160	256,755,545
Infrastructure	5,482,079	345,356	(13,100)	-	5,814,335
Machinery and equipment	39,469,237	2,322,343	(539,641)	333,886	41,585,825
Intangible assets	-	-	-	-	-
Total other capital assets	301,539,701	2,667,699	(552,741)	501,046	304,155,705
Less accumulated depreciation/amortization for:					
Buildings and improvements	(124,988,448)	(6,376,421)	-	-	(131,364,869)
Infrastructure	(3,781,773)	(339,388)	13,100	-	(4,108,061)
Machinery and equipment	(22,485,237)	(2,555,049)	535,874	-	(24,504,412)
Intangible assets	-	-	-	-	-
Total accumulated depreciation/amortization	(151,255,458)	(9,270,858)	548,974	-	(159,977,342)
Total other capital assets, net	150,284,243	(6,603,159)	(3,767)	501,046	144,178,363
Intangible right-to-use assets:					
Lease machinery and equipment	1,011,390	598,611	(386,863)	-	1,223,138
Subscription assets	327,354	98,298	-	-	425,652
Total intangible right-to-use assets	1,338,744	696,909	(386,863)	-	1,648,790
Less accumulated amortization for:					
Lease machinery and equipment	(341,647)	(360,978)	196,151	-	(506,474)
Subscription assets	-	(191,166)	-	-	(191,166)
Total accumulated amortization	(341,647)	(552,144)	196,151	-	(697,640)
Total intangible right-to-use assets, net	997,097	144,765	(190,712)	-	951,150
Total capital assets (depreciable/amortizable), net	151,281,340	(6,458,394)	(194,479)	501,046	145,129,513
School Board capital assets, net	\$ 157,418,550	\$ (5,338,181)	\$ (230,679)	\$ -	\$ 151,849,690

*Beginning balances have been restated to reflect lease and subscription assets due to the implementation of GASB 87 and 96.

Lease amortization and depreciation expense was charged to functions/programs of the primary government and the Component Unit – School Board as follows:

	Amortization	Depreciation
Primary government – governmental activities		
General government administration	\$ 587,390	\$ 724,089
Judicial administration	65,357	249,465
Public safety	69,808	2,284,728
Public works	1,651	336,566
Health and welfare	11,626	39,875
Education	-	750
Parks, recreation, and cultural	91,821	1,790,729
Community development	188,259	129,863
Total governmental activities	1,015,912	5,556,065
Primary government – business-type activities		
Landfill and Recycling Fund	43,998	840,813
Airport Fund	13,903	821,128
Sewer Fund	-	118,980
Total business-type activities	57,901	1,780,921
Component unit – School Board	\$ 552,144	\$ 9,270,858

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	\$ 117,880,322	\$ 51,590,076	\$ 151,849,690	\$ 321,320,088
Long-term obligations applicable to capital assets:				
General obligation bonds	-	-	39,700,000	39,700,000
Financing agreements	21,284,344	7,290,000	11,009,238	39,583,582
Revenue bonds	-	17,277,100	-	17,277,100
Direct bond	-	-	8,475,000	8,475,000
Premium/discount on bonds payable	1,456,652	1,520,976	2,290,050	5,267,678
Lease liabilities	1,101,201	185,198	721,499	2,007,898
Subscription liabilities	1,273,550	-	227,425	1,500,975
Deferred charge on refunding	-	(369,118)	(161,057)	(530,175)
Retainage and accounts payable	4,766,845	112,004	-	4,878,849
Less unspent proceeds as of June 30, 2023	(2,727,132)	(10,581,001)	-	(13,308,133)
Subtotal long-term obligations applicable to capital assets	27,155,460	15,435,159	62,262,155	104,852,774
Net investment in capital assets	\$ 90,724,862	\$ 36,154,917	\$ 89,587,535	\$ 216,467,314

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

NOTE 8 – LONG-TERM OBLIGATIONS

The County issues general obligation bonds and financing agreements 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 agreements.

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

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

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

NOTE 8 – LONG-TERM OBLIGATIONS (CONTINUED)

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, 2023, \$18,485,000 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 refunding.

GOVERNMENTAL ACTIVITIES

The following is a summary of long-term obligations of the governmental activities for the year ended June 30, 2023:

	Balance July 1, 2022	Additions	Retirements	Balance June 30, 2023	Amount Due Within One Year
General long-term obligations:					
General obligation bonds	\$ 2,110,000	\$ -	\$ 2,110,000	\$ -	\$ -
Direct borrowings:					
Financing agreements	27,237,834	-	2,177,483	25,060,351	2,166,807
Direct placements:					
General obligation bonds	44,315,000	-	4,615,000	39,700,000	4,790,000
Direct bond	8,585,000	-	110,000	8,475,000	2,190,000
Premium/discount on bonds payable	4,666,729	-	679,097	3,987,632	562,148
Lease liabilities	1,282,275	315,033	496,106	1,101,202	403,916
Subscription liabilities	1,677,551	240,944	644,945	1,273,550	615,483
Compensated absences	5,533,712	5,995,284	5,040,242	6,488,754	648,875
Incurred but not reported claims	3,123,983	31,314,018	31,211,706	3,226,295	806,574
Total general long-term obligations	<u>\$ 98,532,084</u>	<u>\$ 37,865,279</u>	<u>\$ 47,084,579</u>	<u>\$ 89,312,784</u>	<u>\$ 12,183,803</u>
	Balance July 1, 2022	Additions	Retirements	Balance June 30, 2023	Amount Due Within One Year
Deferred amount on refunding	<u>\$ (492,804)</u>	<u>\$ -</u>	<u>\$ (159,676)</u>	<u>\$ (333,128)</u>	<u>\$ (114,742)</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
Direct borrowings:		
<u>Financing agreements</u>		
\$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, 2023 was \$726,843.	\$ 14,764	\$ 14,764
\$806,659 School Bus Lease Series 2015, issued July 30, 2018, due in semiannual installments beginning January 30, 2019 through July 30, 2025, with interest payable quarterly at 3.030%. Eight school buses costing \$776,884 are pledged as security for the debt. Accumulated depreciation at June 30, 2023 was \$207,144	307,766	120,337
\$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, 2023 was \$0 as the project is still in progress.	1,269,704	383,491
\$865,400 School Bus Lease, Series 2015, issued July 19, 2019, due in semiannual installments beginning January 19, 2020 through July 19, 2026, with interest payable semiannually at 2.090%. Eight school buses costing \$747,131 are pledged as security for the debt. Accumulated depreciation at June 30, 2023 was \$149,409.	448,438	124,813
\$782,232 School Bus Lease, Addendum to Series 2015, issued August 19, 2020, due in semiannual installments beginning February 19, 2021 through August 19, 2027, with interest payable semiannually at 1.9600%. Eight school buses costing \$782,235 are pledged as security for the debt. Accumulated depreciation at June 30, 2023 was \$104,288.	515,040	110,579
\$2,820,000 Public Safety Radio System, Lease Series 2016, issued on August 9, 2019 to fund upgrades to the public safety radio system, due in semiannual installments beginning February 9, 2020 through August 9, 2029, with interest payable quarterly at 2.318%. The radio system infrastructure and subscriber units are pledged as security for the debt. Accumulated depreciation at June 30, 2023 was \$0 as the project is still in progress.	1,906,025	274,970
\$1,153,000 Public Safety Radio System, Lease Series 2016, issued on April 30, 2020 to fund upgrades to the public safety radio system, due in semiannual installments beginning October 30, 2020 through April 30, 2030, with interest payable semiannually at 1.382%. The radio system infrastructure and subscriber units are pledged as security for the debt. Accumulated depreciation at June 30, 2023 was \$0 as the project is still in progress.	823,614	112,853

NOTE 8 – LONG-TERM OBLIGATIONS (CONTINUED)

Direct borrowings: (continued)	Amount Outstanding	Amount Due Within One Year
\$2,775,000 Vint Hill 2016C Virginia Resources Authority Financing Lease, issued November 16, 2016, maturing annually beginning October 1, 2023 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.	\$ 2,490,000	\$ 300,000
\$4,490,000 Virginia Resource Authority Financing Lease, Series 2018, issued on May 23, 2018, maturing semiannually from October 1, 2018 to October 1, 2038, with interest payable semiannually at rates from 3.125% to 5.125%. A volunteer fire facility is pledged as security for the debt.	3,895,000	170,000
\$9,000,000 Virginia Resource Authority Financing Lease, Series 2019A, issued on May 8, 2019, maturing semiannually from October 1, 2019 to April 1, 2039, with interest payable semiannually at rates from 2.862% to 5.125%. The Central Sports Complex is pledged as security for the debt.	7,805,000	335,000
\$3,620,000 Virginia Resource Authority Financing Lease, Series 2019A, issued on May 8, 2019, maturing semiannually from October 1, 2019 to April 1, 2040, with interest payable semiannually at rates from 2.869% to 5.125%. A leasehold interest in a volunteer fire facility is pledged as security for the debt.	3,170,000	125,000
\$2,760,000 Virginia Resource Authority Financing Lease, Series 2019A, issued on May 8, 2019, maturing semiannually from October 1, 2019 to April 1, 2040, with interest payable semiannually at rates from 2.871% to 5.125%. A leasehold interest in volunteer fire facility is pledged as security for the debt.	2,415,000	95,000
Total direct borrowings	25,060,351	2,166,807
Direct placements:		
<u>General obligation bonds</u>		
\$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%.	580,000	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%.	370,000	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%.	1,725,000	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.	8,500,000	1,700,000

NOTE 8 – LONG-TERM OBLIGATIONS (CONTINUED)

Direct placements: (continued)	Amount Outstanding	Amount Due Within One Year
\$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%.	\$ 4,440,000	\$ 555,000
\$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%.	6,110,000	495,000
\$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%.	2,185,000	155,000
\$16,180,000 Virginia Public School Authority Bonds, Series 2021B, issued April 29, 2021, maturing annually from January 15, 2023 through January 15, 2042, with interest payable semiannually at rates from 1.925% to 5.05%.	15,790,000	545,000
<u>Direct bonds</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%.	8,475,000	2,190,000
Total direct placements	48,175,000	6,980,000
Lease liabilities:		
At 07/01/2021, the County was under a lessee agreement for the use of building space for a term of 43 months. The lease liability at 07/01/2021 was \$349,484.79 and as of 06/30/2023, the value of the lease liability is \$155,070.26. Payments are due monthly for \$8,192.71 and the lease has an interest rate of 0.4570%. The value of the right to use asset as of 06/30/2023 is \$349,484.79 with accumulated amortization of \$195,061.28.	155,070	97,809
At 07/01/2021, the County was under a lessee agreement for the use of building space for a term of 30 months. The lease liability at 07/01/2021 was \$83,986.50 and as of 06/30/2023, the value of the lease liability is \$17,011.32. Payments are due monthly for \$2,742.00 and the lease has an interest rate of 0.3147%. The value of the right to use asset as of 06/30/2023 is \$83,986.50 with accumulated amortization of \$67,189.20. The lease has 1 extension option, for 24 months.	17,011	17,011
On 07/01/2022, Fauquier County, VA entered into a 27 month lease as lessee for the use of 8452 Renalds Ave. Main Space. An initial lease liability was recorded in the amount of \$39,127.36. As of 06/30/2023, the value of the lease liability is \$22,026.17. Fauquier County, VA is required to make monthly fixed payments of \$1,500.00. The lease has an interest rate of 3.2070%. The value of the right to use asset as of 06/30/2023 is \$39,127.36 with accumulated amortization of \$17,389.94.	22,026	17,550

NOTE 8 – LONG-TERM OBLIGATIONS (CONTINUED)

Lease liabilities: (continued)	Amount Outstanding	Amount Due Within One Year
On 03/01/2023, Fauquier County, VA entered into a 24 month lease as lessee for the use of 8452 Renalds Ave. - Office Spaces Units 104 & 108. An initial lease liability was recorded in the amount of \$25,621.64. As of 06/30/2023, the value of the lease liability is \$21,406.23. Fauquier County, VA is required to make monthly fixed payments of \$1,100.00. The lease has an interest rate of 3.1440%. The value of the right to use asset as of 06/30/2023 is \$25,621.64 with accumulated amortization of \$4,270.27. Fauquier County, VA has 1 extension option(s), each for 12 months.	\$ 21,406	\$ 12,709
At 07/01/2021, the County was under a lessee agreement for the use of building space for a term of 113 months. The lease liability at 07/01/2021 was \$601,873.22 and as of 06/30/2023, the value of the lease liability is \$491,158.95. Payments are due monthly for \$3,939.28 and the lease has an interest rate of 1.0953%. The value of the right to use asset as of 06/30/2023 is \$601,873.22 with accumulated amortization of \$127,831.48. The lease has 1 extension option(s), each for 60 months.	491,159	58,722
At 12/15/2021, the County was under a lessee agreement for the use of copier equipment for a term of 36 months. The lease liability at 12/15/2021 was \$8,819.46 and as of 06/30/2023, the value of the lease liability is \$4,294.26. Payments are due monthly for \$253.20 and the lease has an interest rate of 0.3147%. The value of the right to use asset as of 06/30/2023 is \$8,819.46 with accumulated amortization of \$4,540.39.	4,294	3,029
At 07/01/2021, the County was under a lessee agreement for the use of mailing equipment for a term of 59 months. The lease liability at 07/01/2021 was \$14,187.09 and as of 06/30/2023, the value of the lease liability is \$8,260.14. Payments are due quarterly for \$757.44 and the lease has an interest rate of 0.5773%. The value of the right to use asset as of 06/30/2023 is \$14,187.09 with accumulated amortization of \$5,693.82.	8,260	2,989
At 11/01/2021, the County was under a lessee agreement for the use of copier equipment for a term of 36 months. The lease liability at 11/01/2021 was \$30,555.09 and as of 06/30/2023, the value of the lease liability is \$12,757.34. Payments are due quarterly for \$2,557.74 and the lease has an interest rate of 0.3277%. The value of the right to use asset as of 06/30/2023 is \$30,555.09 with accumulated amortization of \$16,975.05.	12,757	10,202
At 07/01/2021, the County was under a lessee agreement for the use of copier equipment for a term of 48 months. The lease liability at 07/01/2021 was \$5,718.76 and as of 06/30/2023, the value of the lease liability is \$2,871.36. Payments are due monthly for \$120.21 and the lease has an interest rate of 0.4570%. The value of the right to use asset as of 06/30/2023 is \$5,718.76 with accumulated amortization of \$2,859.38.	2,871	1,432
At 07/01/2021, the County was under a lessee agreement for the use of copier equipment for a term of 28 months. The lease liability at 07/01/2021 was \$5,208.40 and as of 06/30/2023, the value of the lease liability is \$745.55. Payments are due monthly for \$186.47 and the lease has an interest rate of 0.2177%. The value of the right to use asset as of 06/30/2023 is \$5,208.40 with accumulated amortization of \$4,464.34.	746	746

NOTE 8 – LONG-TERM OBLIGATIONS (CONTINUED)

Lease liabilities (continued):	<u>Amount Outstanding</u>	<u>Amount Due Within One Year</u>
At 07/01/2021, the County was under a lessee agreement for the use of copier equipment for a term of 29 months. The lease liability at 07/01/2021 was \$5,175.53 and as of 06/30/2023, the value of the lease liability is \$894.11. Payments are due monthly for \$178.92 and the lease has an interest rate of 0.2177%. The value of the right to use asset as of 06/30/2023 is \$5,175.53 with accumulated amortization of \$4,283.20.	\$ 894	\$ 894
At 07/01/2021, the County was under a lessee agreement for the use of copier equipment for a term of 36 months. The lease liability at 07/01/2021 was \$5,343.76 and as of 06/30/2023, the value of the lease liability is \$1,786.39. Payments are due monthly for \$149.12 and the lease has an interest rate of 0.3147%. The value of the right to use asset as of 06/30/2023 is \$5,343.76 with accumulated amortization of \$3,562.51.	1,786	1,786
At 07/01/2021, the County was under a lessee agreement for the use of copier equipment for a term of 26 months. The lease liability at 07/01/2021 was \$6,607.64 and as of 06/30/2023, the value of the lease liability is \$509.14. Payments are due monthly for \$254.63 and the lease has an interest rate of 0.1850%. The value of the right to use asset as of 06/30/2023 is \$6,607.64 with accumulated amortization of \$6,099.36. The lease has 1 extension option(s), each for 12 months.	509	509
At 01/12/2022, the County was under a lessee agreement for the use of copier equipment for a term of 36 months. The lease liability at 01/12/2022 was \$9,434.71 and as of 06/30/2023, the value of the lease liability is \$4,863.58. Payments are due monthly for \$270.90 and the lease has an interest rate of 0.3277%. The value of the right to use asset as of 06/30/2023 is \$9,434.71 with accumulated amortization of \$4,621.26.	4,864	3,240
At 07/01/2021, the County was under a lessee agreement for the use of copier equipment for a term of 25 months. The lease liability at 07/01/2021 was \$5,298.25 and as of 06/30/2023, the value of the lease liability is \$212.39. Payments are due monthly for \$212.43 and the lease has an interest rate of 0.2177%. The value of the right to use asset as of 06/30/2023 is \$5,298.25 with accumulated amortization of \$4,934.98.	212	212
At 02/03/2022, the County was under a lessee agreement for the use of copier equipment for a term of 36 months. The lease liability at 02/03/2022 was \$7,190.26 and as of 06/30/2023, the value of the lease liability is \$3,896.88. Payments are due monthly for \$195.57 and the lease has an interest rate of 0.4257%. The value of the right to use asset as of 06/30/2023 is \$7,190.26 with accumulated amortization of \$3,382.09.	3,897	2,335
On 01/01/2023, Fauquier County, VA entered into a 24 month lease as lessee for the use of 3243 Old Catlett Road. An initial lease liability was recorded in the amount of \$35,451.33. As of 06/30/2023, the value of the lease liability is \$17,451.33. Fauquier County, VA is required to make annual fixed payments of \$18,000.00. The lease has an interest rate of 3.1440%. The value of the right to use asset as of 06/30/2023 is \$35,451.33 with accumulated amortization of \$8,862.83. Fauquier County, VA has 1 extension option(s), each for 12 months.	17,451	17,451
At 07/01/2021, the County was under a lessee agreement for the use of building space for a term of 51 months. The lease liability at 07/01/2021 was \$81,578.96 and as of 06/30/2023, the value of the lease liability is \$44,454.01. Payments are due monthly for \$1,500.00 and the lease has an interest rate of 0.1850%. The value of the right to use asset as of 06/30/2023 is \$81,578.96 with accumulated amortization of \$38,390.10. The lease has 1 extension option(s), each for 24 months.	44,454	19,735

NOTE 8 – LONG-TERM OBLIGATIONS (CONTINUED)

Lease liabilities (continued):	Amount Outstanding	Amount Due Within One Year
At 07/01/2021, the County was under a lessee agreement for the use of copier equipment for a term of 50 months. The lease liability at 07/01/2021 was \$7,608.38 and as of 06/30/2023, the value of the lease liability is \$3,974.44. Payments are due monthly for \$153.65 and the lease has an interest rate of 0.4570%. The value of the right to use asset as of 06/30/2023 is \$7,608.38 with accumulated amortization of \$3,652.02.	\$ 3,974	\$ 1,830
At 04/29/2022, the County was under a lessee agreement for the use of mailing equipment for a term of 60 months. The lease liability at 04/29/2022 was \$10,459.87 and as of 06/30/2023, the value of the lease liability is \$7,492.83. Payments are due quarterly for \$506.40 and the lease has an interest rate of 0.6857%. The value of the right to use asset as of 06/30/2023 is \$10,459.87 with accumulated amortization of \$2,452.26.	7,493	1,979
On 04/06/2023, Fauquier County, VA entered into a 36 month lease as lessee for the use of Sheriff's Prof Xerox Versa Link C405. An initial lease liability was recorded in the amount of \$2,152.80. As of 06/30/2023, the value of the lease liability is \$1,973.58. Fauquier County, VA is required to make monthly fixed payments of \$59.99. The lease has an interest rate of 0.2177%. The value of the right to use asset as of 06/30/2023 is \$2,152.80 with accumulated amortization of \$170.22.	1,974	716
At 07/01/2021, the County was under a lessee agreement for the use of copier equipment for a term of 36 months. The lease liability at 07/01/2021 was \$4,889.37 and as of 06/30/2023, the value of the lease liability is \$1,634.49. Payments are due monthly for \$136.44 and the lease has an interest rate of 0.3147%. The value of the right to use asset as of 06/30/2023 is \$4,889.37 with accumulated amortization of \$3,259.58.	1,635	1,635
On 12/02/2022, Fauquier County, VA entered into a 32 month lease as lessee for the use of Gen. Registrar PB. An initial lease liability was recorded in the amount of \$7,803.61. As of 06/30/2023, the value of the lease liability is \$6,387.09. Fauquier County, VA is required to make quarterly fixed payments of \$712.59. The lease has an interest rate of 0.3280%. The value of the right to use asset as of 06/30/2023 is \$7,803.61 with accumulated amortization of \$1,698.91.	6,387	2,833
On 04/18/2023, Fauquier County, VA entered into a 36 month lease as lessee for the use of Clerk of Court 3 - Xerox. An initial lease liability was recorded in the amount of \$16,089.92. As of 06/30/2023, the value of the lease liability is \$14,768.05. Fauquier County, VA is required to make monthly fixed payments of \$468.34. The lease has an interest rate of 3.2380%. The value of the right to use asset as of 06/30/2023 is \$16,089.92 with accumulated amortization of \$1,087.56.	14,768	5,219
At 07/01/2021, the County was under a lessee agreement for the use of mailing equipment for a term of 51 months. The lease liability at 07/01/2021 was \$11,173.45 and as of 06/30/2023, the value of the lease liability is \$5,941.92. Payments are due quarterly for \$663.99 and the lease has an interest rate of 0.4570%. The value of the right to use asset as of 06/30/2023 is \$11,173.45 with accumulated amortization of \$5,176.89.	5,942	2,633

NOTE 8 – LONG-TERM OBLIGATIONS (CONTINUED)

Lease liabilities (continued):	Amount Outstanding	Amount Due Within One Year
At 07/01/2021, the County was under a lessee agreement for the use of mailing equipment for a term of 41 months. The lease liability at 07/01/2021 was \$9,206.76 and as of 06/30/2023, the value of the lease liability is \$3,552.16. Payments are due quarterly for \$712.11 and the lease has an interest rate of 0.3150%. The value of the right to use asset as of 06/30/2023 is \$9,206.76 with accumulated amortization of \$5,269.37.	\$ 3,552	\$ 2,841
At 07/01/2021, the County was under a lessee agreement for the use of copier equipment for a term of 28 months. The lease liability at 07/01/2021 was \$7,278.66 and as of 06/30/2023, the value of the lease liability is \$1,042.05. Payments are due monthly for \$260.63 and the lease has an interest rate of 0.2177%. The value of the right to use asset as of 06/30/2023 is \$7,278.66 with accumulated amortization of \$6,231.43.	1,042	1,042
At 07/01/2021, the County was under a lessee agreement for the use of copier equipment for a term of 27 months. The lease liability at 07/01/2021 was \$5,789.08 and as of 06/30/2023, the value of the lease liability is \$644.60. Payments are due monthly for \$214.95 and the lease has an interest rate of 0.2177%. The value of the right to use asset as of 06/30/2023 is \$5,789.08 with accumulated amortization of \$5,058.42.	645	645
At 10/05/2021, the County was under a lessee agreement for the use of copier equipment for a term of 36 months. The lease liability at 10/05/2021 was \$3,497.17 and as of 06/30/2023, the value of the lease liability is \$1,460.78. Payments are due monthly for \$97.59 and the lease has an interest rate of 0.3147%. The value of the right to use asset as of 06/30/2023 is \$3,497.17 with accumulated amortization of \$2,027.06.	1,461	1,168
At 10/05/2021, the County was under a lessee agreement for the use of copier equipment for a term of 36 months. The lease liability at 10/05/2021 was \$3,398.97 and as of 06/30/2023, the value of the lease liability is \$1,460.78. Payments are due monthly for \$97.59 and the lease has an interest rate of 0.3147%. The value of the right to use asset as of 06/30/2023 is \$3,398.97 with accumulated amortization of \$1,970.14.	1,461	1,168
At 10/05/2021, the County was under a lessee agreement for the use of copier equipment for a term of 36 months. The lease liability at 10/05/2021 was \$3,497.17 and as of 06/30/2023, the value of the lease liability is \$1,460.78. Payments are due monthly for \$97.59 and the lease has an interest rate of 0.3147%. The value of the right to use asset as of 06/30/2023 is \$3,497.17 with accumulated amortization of \$2,027.06.	1,461	1,168
At 10/05/2021, the County was under a lessee agreement for the use of copier equipment for a term of 36 months. The lease liability at 10/05/2021 was \$3,497.17 and as of 06/30/2023, the value of the lease liability is \$1,460.78. Payments are due monthly for \$97.59 and the lease has an interest rate of 0.3147%. The value of the right to use asset as of 06/30/2023 is \$3,497.17 with accumulated amortization of \$2,027.06.	1,461	1,168
On 07/01/2022, Fauquier County, VA entered into a 18 month lease as lessee for the use of Clerk of Court VBS SN3490. An initial lease liability was recorded in the amount of \$2,885.74. As of 06/30/2023, the value of the lease liability is \$1,123.09. Fauquier County, VA is required to make monthly fixed payments of \$160.54. The lease has an interest rate of 0.1850%. The value of the right to use asset as of 06/30/2023 is \$2,885.74 with accumulated amortization of \$1,878.60.	1,123	1,123

NOTE 8 – LONG-TERM OBLIGATIONS (CONTINUED)

Lease liabilities (continued):	<u>Amount Outstanding</u>	<u>Amount Due Within One Year</u>
At 07/01/2021, the County was under a lessee agreement for the use of copier equipment for a term of 36 months. The lease liability at 07/01/2021 was \$7,163.74 and as of 06/30/2023, the value of the lease liability is \$2,591.08. Payments are due monthly for \$199.53 and the lease has an interest rate of 0.1850%. The value of the right to use asset as of 06/30/2023 is \$7,163.74 with accumulated amortization of \$4,775.82.	\$ 2,591	\$ 2,591
At 07/01/2021, the County was under a lessee agreement for the use of telecommunications tower space for a term of 67 months. The lease liability at 07/01/2021 was \$49,290.86 and as of 06/30/2023, the value of the lease liability is \$31,837.77. Payments are due monthly for \$750.00 and the lease has an interest rate of 0.7033%. The value of the right to use asset as of 06/30/2023 is \$49,290.86 with accumulated amortization of \$17,656.43. The lease has 1 extension option(s), each for 60 months.	31,838	8,805
At 07/01/2021, the County was under a lessee agreement for the use of building space for the Employee Wellness Center for a term of 30 months. The lease liability at 07/01/2021 was \$81,706.39 and as of 06/30/2023, the value of the lease liability is \$16,745.51. Payments are due monthly for \$2,632.38 and the lease has an interest rate of 0.2177%. The value of the right to use asset as of 06/30/2023 is \$81,706.39 with accumulated amortization of \$65,365.11. The lease has 1 extension option, for 12 months.	16,746	16,746
At 02/24/2022, the County was under a lessee agreement for the use of copier equipment for a term of 36 months. The lease liability at 02/24/2022 was \$9,940.09 and as of 06/30/2023, the value of the lease liability is \$5,407.65. Payments are due monthly for \$285.36 and the lease has an interest rate of 0.3147%. The value of the right to use asset as of 06/30/2023 is \$9,940.09 with accumulated amortization of \$4,482.24.	5,408	3,412
At 07/01/2021, the County was under a lessee agreement for the use of copier equipment for a term of 65 months. The lease liability at 07/01/2021 was \$17,523.69 and as of 06/30/2023, the value of the lease liability is \$10,970.69. Payments are due monthly for \$293.15 and the lease has an interest rate of 0.5773%. The value of the right to use asset as of 06/30/2023 is \$17,523.69 with accumulated amortization of \$6,404.60. The lease has 5 extension option(s), each for 12 months.	10,971	3,189
At 07/01/2021, the County was under a lessee agreement for the use of copier equipment for a term of 52 months. The lease liability at 07/01/2021 was \$3,498.94 and as of 06/30/2023, the value of the lease liability is \$1,892.42. Payments are due monthly for \$67.96 and the lease has an interest rate of 0.4570%. The value of the right to use asset as of 06/30/2023 is \$3,498.94 with accumulated amortization of \$1,598.50. The lease has 3 extension option(s), each for 12 months.	1,892	809
At 07/01/2021, the County was under a lessee agreement for the use of copier equipment for a term of 30 months. The lease liability at 07/01/2021 was \$15,175.89 and as of 06/30/2023, the value of the lease liability is \$3,048.67. Payments are due monthly for \$508.79 and the lease has an interest rate of 0.4570%. The value of the right to use asset as of 06/30/2023 is \$15,175.89 with accumulated amortization of \$11,941.68. The lease has 1 extension option(s), each for 12 months.	3,049	3,049
On 08/10/2022, Fauquier County, VA entered into a 36 month lease as lessee for the use of Mtce VBS Copier. An initial lease liability was recorded in the amount of \$5,556.11. As of 06/30/2023, the value of the lease liability is \$4,004.56. Fauquier County, VA is required to make monthly fixed payments of \$164.00. The lease has an interest rate of 2.1840%. The value of the right to use asset as of 06/30/2023 is \$5,556.11 with accumulated amortization of \$1,651.40.	4,005	1,900

NOTE 8 – LONG-TERM OBLIGATIONS (CONTINUED)

Lease liabilities (continued):	<u>Amount Outstanding</u>	<u>Amount Due Within One Year</u>
On 12/12/2022, Fauquier County, VA entered into a 36 month lease as lessee for the use of Com Dev C8170 Planning. An initial lease liability was recorded in the amount of \$8,337.13. As of 06/30/2023, the value of the lease liability is \$6,963.17. Fauquier County, VA is required to make monthly fixed payments of \$249.95. The lease has an interest rate of 3.2380%. The value of the right to use asset as of 06/30/2023 is \$8,337.13 with accumulated amortization of \$1,536.19.	\$ 6,963	\$ 2,815
On 12/12/2022, Fauquier County, VA entered into a 36 month lease as lessee for the use of Com Dev C8170 Dev Srvcs. An initial lease liability was recorded in the amount of \$8,337.13. As of 06/30/2023, the value of the lease liability is \$6,963.17. Fauquier County, VA is required to make monthly fixed payments of \$249.95. The lease has an interest rate of 3.2380%. The value of the right to use asset as of 06/30/2023 is \$8,337.13 with accumulated amortization of \$1,536.19.	6,963	2,815
At 07/01/2021, the County was under a lessee agreement for the use of copier equipment for a term of 24 months. The lease liability at 07/01/2021 was \$3,734.12 and as of 06/30/2023, the value of the lease liability is \$149.41. Payments are due monthly for \$149.95 and the lease has an interest rate of 0.2177%. The value of the right to use asset as of 06/30/2023 is \$3,734.12 with accumulated amortization of \$3,603.98.	149	149
At 07/01/2021, the County was under a lessee agreement for the use of copier equipment for a term of 35 months. The lease liability at 07/01/2021 was \$4,754.18 and as of 06/30/2023, the value of the lease liability is \$1,634.49. Payments are due monthly for \$136.44 and the lease has an interest rate of 0.3147%. The value of the right to use asset as of 06/30/2023 is \$4,754.18 with accumulated amortization of \$3,260.01.	1,635	1,635
At 02/01/2022, the County was under a lessee agreement for the use of copier equipment for a term of 60 months. The lease liability at 02/01/2022 was \$9,018.19 and as of 06/30/2023, the value of the lease liability is \$6,490.62. Payments are due monthly for \$152.85 and the lease has an interest rate of 0.6857%. The value of the right to use asset as of 06/30/2023 is \$9,018.19 with accumulated amortization of \$2,555.15.	6,491	1,795
At 12/15/2021, the County was under a lessee agreement for the use of copier equipment for a term of 36 months. The lease liability at 12/15/2021 was \$13,707.78 and as of 06/30/2023, the value of the lease liability is \$6,674.42. Payments are due monthly for \$393.54 and the lease has an interest rate of 0.3147%. The value of the right to use asset as of 06/30/2023 is \$13,707.78 with accumulated amortization of \$7,056.97.	6,674	4,708
At 07/01/2021, the County was under a lessee agreement for the use of copier equipment for a term of 33 months. The lease liability at 07/01/2021 was \$4,483.69 and as of 06/30/2023, the value of the lease liability is \$1,498.48. Payments are due monthly for \$136.44 and the lease has an interest rate of 0.3147%. The value of the right to use asset as of 06/30/2023 is \$4,483.69 with accumulated amortization of \$3,260.86.	1,499	1,499
At 07/01/2021, the County was under a lessee agreement for the use of copier equipment for a term of 46 months. The lease liability at 07/01/2021 was \$12,102.10 and as of 06/30/2023, the value of the lease liability is \$5,094.64. Payments are due monthly for \$357.59 and the lease has an interest rate of 0.4570%. The value of the right to use asset as of 06/30/2023 is \$12,102.10 with accumulated amortization of \$6,232.84.	5,095	2,774

NOTE 8 – LONG-TERM OBLIGATIONS (CONTINUED)

Lease liabilities (continued):	<u>Amount Outstanding</u>	<u>Amount Due Within One Year</u>
At 07/01/2021, the County was under a lessee agreement for the use of copier equipment for a term of 39 months. The lease liability at 07/01/2021 was \$8,234.72 and as of 06/30/2023, the value of the lease liability is \$3,176.77. Payments are due monthly for \$337.23 and the lease has an interest rate of 0.3147%. The value of the right to use asset as of 06/30/2023 is \$8,234.72 with accumulated amortization of \$4,999.16.	\$ 3,177	\$ 2,540
On 08/10/2022, Fauquier County, VA entered into a 36 month lease as lessee for the use of Circuit Ct 100-21100 VBS Copier. An initial lease liability was recorded in the amount of \$5,636.05. As of 06/30/2023, the value of the lease liability is \$3,945.71. Fauquier County, VA is required to make monthly fixed payments of \$161.59. The lease has an interest rate of 2.1840%. The value of the right to use asset as of 06/30/2023 is \$5,636.05 with accumulated amortization of \$1,675.16.	3,945	1,872
At 07/01/2021, the County was under a lessee agreement for the use of mailing equipment for a term of 33 months. The lease liability at 07/01/2021 was \$7,658.15 and as of 06/30/2023, the value of the lease liability is \$2,095.14. Payments are due quarterly for \$699.48 and the lease has an interest rate of 0.3147%. The value of the right to use asset as of 06/30/2023 is \$7,658.15 with accumulated amortization of \$5,530.46.	2,095	2,095
On 11/15/2022, Fauquier County, VA entered into a 36 month lease as lessee for the use of Treasurer Pitney Bowes. An initial lease liability was recorded in the amount of \$6,679.12. As of 06/30/2023, the value of the lease liability is \$5,508.38. Fauquier County, VA is required to make quarterly fixed payments of \$637.08. The lease has an interest rate of 3.2380%. The value of the right to use asset as of 06/30/2023 is \$6,679.12 with accumulated amortization of \$1,397.67.	5,508	2,399
At 02/01/2022, the County was under a lessee agreement for the use of mailing equipment for a term of 36 months. The lease liability at 02/01/2022 was \$7,188.41 and as of 06/30/2023, the value of the lease liability is \$3,602.93. Payments are due quarterly for \$602.73 and the lease has an interest rate of 0.4260%. The value of the right to use asset as of 06/30/2023 is \$7,188.41 with accumulated amortization of \$3,394.53.	3,603	2,399
At 07/01/2021, the County was under a lessee agreement for the use of copier equipment for a term of 34 months. The lease liability at 07/01/2021 was \$6,498.38 and as of 06/30/2023, the value of the lease liability is \$1,950.66. Payments are due monthly for \$185.20 and the lease has an interest rate of 0.2180%. The value of the right to use asset as of 06/30/2023 is \$6,498.38 with accumulated amortization of \$4,587.09. The lease has 1 extension option(s), each for 12 months.	1,951	1,951
At 07/01/2021, the County was under a lessee agreement for the use of copier equipment for a term of 26 months. The lease liability at 07/01/2021 was \$6,604.85 and as of 06/30/2023, the value of the lease liability is \$509.08. Payments are due monthly for \$254.61 and the lease has an interest rate of 0.2180%. The value of the right to use asset as of 06/30/2023 is \$6,604.85 with accumulated amortization of \$6,096.79.	509	509

NOTE 8 – LONG-TERM OBLIGATIONS (CONTINUED)

Lease liabilities (continued):	Amount Outstanding	Amount Due Within One Year
On 01/01/2023, Fauquier County, VA entered into a 36 month lease as lessee for the use of DSS Ricoh Copier MC600 Copy. An initial lease liability was recorded in the amount of \$9,696.74. As of 06/30/2023, the value of the lease liability is \$8,141.41. Fauquier County, VA is required to make monthly fixed payments of \$282.99. The lease has an interest rate of 3.2690%. The value of the right to use asset as of 06/30/2023 is \$9,696.74 with accumulated amortization of \$1,616.12.	\$ 8,141	\$ 3,177
At 07/01/2021, the County was under a lessee agreement for the use of building space for a term of 60 months. The lease liability at 07/01/2021 was \$60,334.62 and as of 06/30/2023, the value of the lease liability is \$40,221.97. Payments are due annually for \$10,200.96 and the lease has an interest rate of 0.5770%. The value of the right to use asset as of 06/30/2023 is \$60,334.62 with accumulated amortization of \$24,013.78.	40,222	9,969
At 07/01/2021, the County was under a lessee agreement for the use of building space for a term of 60 months. The lease liability at 07/01/2021 was \$29,657.76 and as of 06/30/2023, the value of the lease liability is \$17,794.27. Payments are due annually for \$6,000.00 and the lease has an interest rate of 0.5770%. The value of the right to use asset as of 06/30/2023 is \$29,657.76 with accumulated amortization of \$11,863.10.	17,794	5,897
On 11/18/2022, Fauquier County, VA entered into a 48 month lease as lessee for the use of General District Court Ricoh MP4055. An initial lease liability was recorded in the amount of \$11,951.62. As of 06/30/2023, the value of the lease liability is \$10,178.06. Fauquier County, VA is required to make monthly fixed payments of \$255.40. The lease has an interest rate of 0.2180%. The value of the right to use asset as of 06/30/2023 is \$11,951.62 with accumulated amortization of \$1,850.84.	10,178	3,046
At 07/01/2022, the County was under a lessee agreement for the use of copier equipment for a term of 36 months. The lease liability at 07/01/2022 was \$8,719.63 and as of 06/30/2023, the value of the lease liability is \$5,865.59. Payments are due monthly for \$250.00 and the lease has an interest rate of 2.1843%. The value of the right to use asset as of 06/30/2023 is \$8,719.63 with accumulated amortization of \$2,906.54.	5,866	2,901
On 03/01/2023, Fauquier County, VA entered into a 36 month lease as lessee for the use of Comm. Att. Xerox Copier 03.01.23. An initial lease liability was recorded in the amount of \$11,502.47. As of 06/30/2023, the value of the lease liability is \$10,251.16. Fauquier County, VA is required to make monthly fixed payments of \$334.81. The lease has an interest rate of 3.2380%. The value of the right to use asset as of 06/30/2023 is \$11,502.47 with accumulated amortization of \$1,278.05.	10,251	3,741
On 07/01/2022, Fauquier County, VA entered into a 36 month lease as lessee for the use of Agr Dev Xerox Copier. An initial lease liability was recorded in the amount of \$6,551.53. As of 06/30/2023, the value of the lease liability is \$4,410.41. Fauquier County, VA is required to make monthly fixed payments of \$188.33. The lease has an interest rate of 2.3660%. The value of the right to use asset as of 06/30/2023 is \$6,551.53 with accumulated amortization of \$2,183.84.	4,410	2,179

NOTE 8 – LONG-TERM OBLIGATIONS (CONTINUED)

Lease liabilities (continued):	Amount Outstanding	Amount Due Within One Year
On 07/01/2022, Fauquier County, VA entered into a 24 month lease as lessee for the use of Econ Dev MP Copier CS2554. An initial lease liability was recorded in the amount of \$4,697.13. As of 06/30/2023, the value of the lease liability is \$2,563.53. Fauquier County, VA is required to make monthly fixed payments of \$199.53. The lease has an interest rate of 2.0240%. The value of the right to use asset as of 06/30/2023 is \$4,697.13 with accumulated amortization of \$2,348.56.	\$ 2,564	\$ 2,563
On 09/30/2022, Fauquier County, VA entered into a 36 month lease as lessee for the use of Sheriff PB Copier. An initial lease liability was recorded in the amount of \$6,786.45. As of 06/30/2023, the value of the lease liability is \$4,972.73. Fauquier County, VA is required to make quarterly fixed payments of \$636.96. The lease has an interest rate of 2.1840%. The value of the right to use asset as of 06/30/2023 is \$6,786.45 with accumulated amortization of \$1,749.88.	4,973	2,458
Total lease liabilities	1,101,202	403,916
Subscription liabilities:		
On 07/01/2022, Fauquier County, VA entered into a 60 month subscription for the use of Sierra - Innovative. An initial subscription liability was recorded in the amount of \$270,687.15. As of 06/30/2023, the value of the subscription liability is \$217,216.18. Fauquier County, VA is required to make annual fixed payments of \$53,470.97. The subscription has an interest rate of 2.3660%. The value of the right to use asset as of 06/30/2023 is \$270,687.15 with accumulated amortization of \$54,137.43.	217,216	49,936
On 07/01/2022, Fauquier County, VA entered into a 36 month subscription for the use of LexisNexis Subscription. An initial subscription liability was recorded in the amount of \$31,608.19. As of 06/30/2023, the value of the subscription liability is \$21,260.99. Fauquier County, VA is required to make annual fixed payments of \$10,980.00. The subscription has an interest rate of 2.1840%. The value of the right to use asset as of 06/30/2023 is \$31,608.19.	21,261	10,516
On 07/01/2022, Fauquier County, VA entered into a 31 month subscription for the use of KNOW iNK - MDM & VA SVR Software. An initial subscription liability was recorded in the amount of \$21,955.86. As of 06/30/2023, the value of the subscription liability is \$11,009.55. Fauquier County, VA is required to make annual fixed payments of \$11,250.00. The subscription has an interest rate of 2.1840%. The value of the right to use asset as of 06/30/2023 is \$21,955.86.	11,010	11,010
On 03/31/2023, Fauquier County, VA entered into a 24 month subscription for the use of Fifth Asset - DebtBook. An initial subscription liability was recorded in the amount of \$63,945.74. As of 06/30/2023, the value of the subscription liability is \$38,945.74. Fauquier County, VA is required to make annual fixed payments of \$25,000.00. The subscription has an interest rate of 2.7070%. The value of the right to use asset as of 06/30/2023 is \$63,945.74.	38,946	38,946

NOTE 8 – LONG-TERM OBLIGATIONS (CONTINUED)

Subscription liabilities (continued):	Amount Outstanding	Amount Due Within One Year
On 07/01/2022, Fauquier County, VA entered into a 36 month subscription for the use of SHI International - MS Ent. An initial subscription liability was recorded in the amount of \$1,111,263.53. As of 06/30/2023, the value of the subscription liability is \$732,811.24. Fauquier County, VA is required to make annual fixed payments of \$378,452.29. The subscription has an interest rate of 2.1840%. The value of the right to use asset as of 06/30/2023 is \$1,111,263.53.	\$ 732,811	\$ 362,448
On 07/01/2022, Fauquier County, VA entered into a 33 month subscription for the use of CDWG-Smart Net. An initial subscription liability was recorded in the amount of \$65,038.24. As of 06/30/2023, the value of the subscription liability is \$32,717.47. Fauquier County, VA is required to make annual fixed payments of \$33,525.60. The subscription has an interest rate of 2.4700%. The value of the right to use asset as of 06/30/2023 is \$65,038.24.	32,717	32,717
On 12/01/2022, Fauquier County, VA entered into a 36 month subscription for the use of ESRI - GIS - Population . An initial subscription liability was recorded in the amount of \$159,878.98. As of 06/30/2023, the value of the subscription liability is \$104,878.98. Fauquier County, VA is required to make annual fixed payments of \$55,000.00. The subscription has an interest rate of 3.2380%. The value of the right to use asset as of 06/30/2023 is \$159,878.98.	104,879	51,604
On 07/01/2022, Fauquier County, VA entered into a 36 month subscription for the use of Civic Plus, Inc.. An initial subscription liability was recorded in the amount of \$36,182.26. As of 06/30/2023, the value of the subscription liability is \$23,861.47. Fauquier County, VA is required to make annual fixed payments of \$12,322.99. The subscription has an interest rate of 2.1840%. The value of the right to use asset as of 06/30/2023 is \$36,182.26.	23,861	11,802
On 07/01/2022, Fauquier County, VA entered into a 35 month subscription for the use of Cott Systems, Inc.. An initial subscription liability was recorded in the amount of \$108,093.48. As of 06/30/2023, the value of the subscription liability is \$71,679.10. Fauquier County, VA is required to make monthly fixed payments of \$3,185.00. The subscription has an interest rate of 2.1840%. The value of the right to use asset as of 06/30/2023 is \$108,093.48.	71,679	37,024
On 07/01/2022, Fauquier County, VA entered into a 35 month subscription for the use of CoStar Realty. An initial subscription liability was recorded in the amount of \$28,550.13. As of 06/30/2023, the value of the subscription liability is \$19,169.74. Fauquier County, VA is required to make annual fixed payments of \$9,900.00. The subscription has an interest rate of 2.1840%. The value of the right to use asset as of 06/30/2023 is \$28,550.13.	19,170	9,480
Total subscription liabilities	1,273,550	615,483
Premium/discount on bonds payable	3,987,632	562,148
Compensated absences	6,488,754	648,875
Incurred but not reported claims	3,226,295	806,574
Total governmental activities long-term obligations	\$ 89,312,784	\$ 12,183,803

NOTE 8 – LONG-TERM OBLIGATIONS (CONTINUED)

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

	Direct Borrowings		Direct Placements			
	Financing Agreements		General Obligation Bonds		Direct Bond	
Fiscal Year	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 2,166,807	\$ 915,375	\$ 4,790,000	\$ 1,796,418	\$ 2,190,000	\$ 126,936
2025	2,224,840	838,709	4,280,000	1,597,134	2,145,000	89,655
2026	2,243,745	758,793	4,155,000	1,413,613	2,095,000	53,191
2027	1,890,687	679,488	3,640,000	1,250,960	2,045,000	17,587
2028	1,745,262	604,537	3,705,000	1,101,351	-	-
2029-2033	6,694,010	1,969,066	10,005,000	3,144,227	-	-
2034-2038	6,275,000	819,166	4,960,000	735,966	-	-
2039-2043	1,820,000	43,341	4,165,000	193,662	-	-
Total	\$ 25,060,351	\$ 6,628,475	\$ 39,700,000	\$ 11,233,331	\$ 8,475,000	\$ 287,369

	Lease Liabilities		Subscription Liabilities	
	Principal	Interest	Principal	Interest
2024	\$ 403,916	\$ 9,995	\$ 615,483	\$ 29,243
2025	248,718	6,138	543,557	14,861
2026	119,914	4,173	55,720	2,709
2027	85,869	3,130	58,790	1,391
2028	67,956	2,320	-	-
2029-2033	174,829	2,427	-	-
Total	\$ 1,101,202	\$ 28,183	\$ 1,273,550	\$ 48,204

BUSINESS-TYPE ACTIVITIES

The following is a summary of long-term obligations of the business-type activities for the year ended June 30, 2023:

	Balance July 1, 2022	Additions	Retirements	Balance June 30, 2023	Amount Due Within One Year
Business-type activities long-term obligations:					
Direct borrowings:					
Financing agreements	\$ 7,590,000	\$ -	\$ 300,000	\$ 7,290,000	\$ 385,000
Direct placements:					
Revenue bonds	16,845,934	1,246,306	815,140	17,277,100	765,140
Premium/discount on bonds payable	1,715,217	-	194,242	1,520,975	174,577
Lease liabilities	155,225	93,804	63,831	185,198	60,645
Compensated absences	223,670	200,446	184,575	239,541	23,955
Landfill closure and postclosure liability	34,459,235	2,494,260	-	36,953,495	-
Total business-type activities long-term obligations	\$ 60,989,281	\$ 4,034,816	\$ 1,557,788	\$ 63,466,309	\$ 1,409,317

	Balance July 1, 2022	Additions	Retirements	Balance June 30, 2023	Amount Due Within One Year
Deferred loss on refunding	\$ (399,461)	\$ -	\$ (30,343)	\$ (369,118)	\$ (29,795)

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 was pledged to secure the debt.

	Amount Outstanding	Amount Due Within One Year
Direct borrowings:		
<u>Financing agreements</u>		
\$7,130,000 Virginia Resources Authority Financing agreement, 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%. An interest in the Alice Jane Childs administrative building is pledged as security for the debt.	\$ 1,955,000	\$ 230,000
\$5,500,000 Virginia Resources Authority Financing agreement, Series 2021A, issued May 13, 2021, maturing annually from October 1, 2021 through October 1, 2039, with interest payable semiannually at rates from .599% to 2.789%. An interest in the Alice Jane Childs administrative building is pledged as security for the debt.	5,335,000	155,000
Total direct borrowings	7,290,000	385,000
Direct placements:		
<u>Revenue bonds</u>		
\$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%.	5,327,100	355,140
\$12,340,000 Virginia Resources Authority Revenue bonds, Series 2021C, issued on November 7, 2021, maturing annually from October 1, 2022 through October 1, 2041, with interest payable semiannually at rates from 2.125% to 5.125%.	11,950,000	410,000
Total direct placements	17,277,100	765,140
Lease liabilities:		
At 07/01/2021, Fauquier County Landfill was under a lessee agreement for the use of land for a recycling convenience site for a term of 54 month(s). The lease liability at 07/01/2021 was \$33,187.11 and as of 06/30/2023, the value of the lease liability is \$17,135.73. Payments are due annually for \$8,026.00 and the lease has an interest rate of 0.5773%. The value of the right to use asset as of 06/30/2023 is \$33,187.11 with accumulated amortization of \$14,749.83.	17,136	8,416
At 07/01/2021, Fauquier County Landfill was under a lessee agreement for the use of land for a recycling convenience site for a term of 54 month(s). The lease liability at 07/01/2021 was \$41,772.88 and as of 06/30/2023, the value of the lease liability is \$25,755.57. Payments are due annually for \$8,026.00 and the lease has an interest rate of 0.5773%. The value of the right to use asset as of 06/30/2023 is \$41,772.88 with accumulated amortization of \$18,565.73.	25,756	8,366
At 07/01/2021, Fauquier County Landfill was under a lessee agreement for the use of land for a recycling convenience site for a term of 54 month(s). The lease liability at 07/01/2021 was \$41,772.88 and as of 06/30/2023, the value of the lease liability is \$25,755.57. Payments are due annually for \$8,026.00 and the lease has an interest rate of 0.5773%. The value of the right to use asset as of 06/30/2023 is \$41,772.88 with accumulated amortization of \$18,565.73.	25,756	8,366
At 07/01/2021, Fauquier County Landfill was under a lessee agreement for the use of land for a recycling convenience site for a term of 60 month(s). The lease liability at 07/01/2021 was \$14,814.63 and as of 06/30/2023, the value of the lease liability is \$8,897.13. Payments are due annually for \$3,000.00 and the lease has an interest rate of 0.5770%. The value of the right to use asset as of 06/30/2023 is \$14,814.63 with accumulated amortization of \$5,831.89.	8,896	2,949

NOTE 8 – LONG-TERM OBLIGATIONS (CONTINUED)

	Amount Outstanding	Amount Due Within One Year
Lease liabilities (continued):		
At 07/01/2021, the Fauquier County Landfill was under a lessee agreement for the use of copier Equipment for a term of 27 months. The lease liability at 07/01/2021 was \$6,028.73 and as of 06/30/2023, the value of the lease liability is \$862.72. Payments are due monthly for \$215.76 and the lease has an interest rate of 0.1850%. The value of the right to use asset as of 06/30/2023 is \$6,028.73 with accumulated amortization of \$5,267.82. The lease has 1 extension option(s), each for 12 months.	\$ 863	\$ 863
At 12/01/2021, the Warrenton-Fauquier Airport was under a lessee agreement for the use of copier equipment for a term of 36 months. The lease liability at 12/01/2021 was \$6,781.54 and as of 06/30/2023, the value of the lease liability is \$3,209.84. Payments are due monthly for \$189.26 and the lease has an interest rate of 0.3147%. The value of the right to use asset as of 06/30/2023 is \$6,781.54 with accumulated amortization of \$3,579.15.	3,210	2,264
At 07/01/2021, the Warrenton-Fauquier Airport was under a lessee agreement for the use of vehicle refueling Equipment for a term of 54 months. The lease liability at 07/01/2021 was \$53,296.86 and as of 06/30/2023, the value of the lease liability is \$29,778.07. Payments are due monthly for \$1,000.00 and the lease has an interest rate of 0.5773%. The value of the right to use asset as of 06/30/2023 is \$53,296.86 with accumulated amortization of \$23,285.04. The lease has 2 extension option(s), each for 60 months.	29,778	11,860
On 11/01/2022, Fauquier County, VA entered into a 60 month lease as lessee for the use of New Baltimore Fallow-Solis Store Road Old Alex . An initial lease liability was recorded in the amount of \$93,802.92. As of 06/30/2023, the value of the lease liability is \$73,802.92. Fauquier County, VA is required to make annual fixed payments of \$20,000.00. The lease has an interest rate of 3.3050%. The value of the right to use asset as of 06/30/2023 is \$93,802.92 with accumulated amortization of \$12,507.06. Fauquier County, VA had a termination period of 12 months as of the lease commencement.	73,803	17,561
Total lease liabilities	185,198	60,645
Premium/discount on bonds payable	1,520,975	174,577
Compensated absences	239,541	23,955
Landfill closure and postclosure liability	36,953,495	-
Total business-type activities long-term obligations	\$ 63,466,309	\$ 1,409,317

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

Fiscal Year	Direct Borrowings		Direct Placements		Lease Liabilities	
	Financing Agreements		Revenue Bonds			
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 385,000	\$ 186,921	\$ 765,140	437,113	\$ 60,645	\$ 3,034
2025	395,000	173,568	785,140	415,588	60,040	2,217
2026	410,000	159,274	805,140	393,038	45,153	1,387
2027	415,000	149,307	830,140	369,334	19,360	640
2028	430,000	141,168	855,140	344,350	-	-
2029-2033	2,295,000	538,365	4,700,700	1,301,521	-	-
2034-2038	2,055,000	260,880	5,340,700	661,197	-	-
2039-2042	905,000	25,379	3,195,001	185,969	-	-
Total	\$ 7,290,000	\$ 1,634,862	\$ 17,277,100	\$ 4,108,110	\$ 185,198	\$ 7,278

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, 2023:

	Balance July 1, 2022	Additions	Retirements	Balance June 30, 2023	Amount Due Within One Year
Component unit long-term obligations:					
Direct borrowing:					
Financing agreements	\$ 10,342,157	\$ -	\$ 618,926	\$ 9,723,231	\$ 639,582
Lease liabilities	671,699	598,611	548,811	721,499	278,800
Subscription liabilities	327,354	98,298	198,227	227,425	194,464
Compensated absences	3,794,599	11,017,874	10,823,348	3,989,125	398,912
Total component unit long-term obligations	\$ 15,135,809	\$ 11,714,783	\$ 12,189,312	\$ 14,661,280	\$ 1,511,758

Details of long-term obligations are outlined below:

	Amount Outstanding	Amount Due Within One Year
Direct borrowings:		
<u>Financing agreements</u>		
\$10,672,434 financing agreement, Series 2019, issued February 18, 2019 to fund energy saving projects across the school system, due in semiannual installments beginning April 1, 2021 through October 1, 2035, with interest payable semiannually at 3.31%. Equipment purchased for energy saving projects is pledged as security for the debt. Accumulated depreciation at June 30, 2019 was \$0 as the project is still in progress.	\$ 9,723,231	\$ 639,582
Total financing agreements	9,723,231	639,582

Lease liabilities:

At 07/01/2021, Fauquier County Public Schools, VA was under a lessee agreement for the use of copier Equipment for a term of 26 months. The lease liability at 07/01/2021 was \$6,626.90 and as of 06/30/2023, the value of the lease liability is \$510.79. Payments are due monthly for \$255.46 and the lease has an interest rate of 0.2180%. The value of the right to use asset as of 06/30/2023 is \$6,626.90 with accumulated amortization of \$6,117.14. The lease has 1 extension option(s), each for 1 months.

511

511

At 10/31/2021, Fauquier County Public Schools, VA was under a lessee agreement for the use of copier Equipment for a term of 24 months. The lease liability at 10/31/2021 was \$4,270.98 and as of 06/30/2023, the value of the lease liability is \$534.90. Payments are due monthly for \$178.38 and the lease has an interest rate of 0.2477%. The value of the right to use asset as of 06/30/2023 is \$4,270.98 with accumulated amortization of \$3,714.70.

535

535

At 07/01/2021, Fauquier County Public Schools, VA was under a lessee agreement for the use of copier Equipment for a term of 38 months. The lease liability at 07/01/2021 was \$17,017.33 and as of 06/30/2023, the value of the lease liability is \$6,287.63. Payments are due monthly for \$450.00 and the lease has an interest rate of 0.3147%. The value of the right to use asset as of 06/30/2023 is \$17,017.33 with accumulated amortization of \$10,747.79.

6,288

5,388

NOTE 8 – LONG-TERM OBLIGATIONS (CONTINUED)

Lease liabilities (continued):	Amount Outstanding	Amount Due Within One Year
At 07/01/2021, Fauquier County Public Schools, VA was under a lessee agreement for the use of copier Equipment for a term of 38 months. The lease liability at 07/01/2021 was \$10,662.89 and as of 06/30/2023, the value of the lease liability is \$3,940.25. Payments are due monthly for \$282.00 and the lease has an interest rate of 0.3147%. The value of the right to use asset as of 06/30/2023 is \$10,662.89 with accumulated amortization of \$6,652.75.	\$ 3,940	\$ 3,376
At 07/01/2021, Fauquier County Public Schools, VA was under a lessee agreement for the use of copier Equipment for a term of 38 months. The lease liability at 07/01/2021 was \$13,498.76 and as of 06/30/2023, the value of the lease liability is \$4,988.18. Payments are due monthly for \$357.00 and the lease has an interest rate of 0.3147%. The value of the right to use asset as of 06/30/2023 is \$13,498.76 with accumulated amortization of \$8,422.10.	4,988	4,274
At 07/01/2021, Fauquier County Public Schools, VA was under a lessee agreement for the use of copier Equipment for a term of 25 months. The lease liability at 07/01/2021 was \$2,613.55 and as of 06/30/2023, the value of the lease liability is \$104.77. Payments are due monthly for \$104.77 and the lease has an interest rate of 0.2180%. The value of the right to use asset as of 06/30/2023 is \$2,613.55 with accumulated amortization of \$2,509.01. The lease has 1 extension option(s), each for 1 months.	105	105
agreement for the use of copier Equipment for a term of 37 months. The lease liability at 07/01/2021 was \$12,631.23 and as of 06/30/2023, the value of the lease liability is \$4,450.83. Payments are due monthly for \$343.00 and the lease has an interest rate of 0.3150%. The value of the right to use asset as of 06/30/2023 is \$12,631.23 with accumulated amortization of \$8,193.23. The lease has 1 extension option(s), each for 1 months.	4,451	4,108
At 07/01/2021, Fauquier County Public Schools, VA was under a lessee agreement for the use of copier Equipment for a term of 26 months. The lease liability at 07/01/2021 was \$10,168.93 and as of 06/30/2023, the value of the lease liability is \$783.79. Payments are due monthly for \$392.00 and the lease has an interest rate of 0.2177%. The value of the right to use asset as of 06/30/2023 is \$10,168.93 with accumulated amortization of \$9,386.70.	784	784
At 07/01/2021, Fauquier County Public Schools, VA was under a lessee agreement for the use of copier Equipment for a term of 38 months. The lease liability at 07/01/2021 was \$13,498.76 and as of 06/30/2023, the value of the lease liability is \$4,988.18. Payments are due monthly for \$357.00 and the lease has an interest rate of 0.3147%. The value of the right to use asset as of 06/30/2023 is \$13,498.76 with accumulated amortization of \$8,422.10.	4,988	4,274
At 07/01/2021, Fauquier County Public Schools, VA was under a lessee agreement for the use of copier Equipment for a term of 38 months. The lease liability at 07/01/2021 was \$13,498.76 and as of 06/30/2023, the value of the lease liability is \$4,988.18. Payments are due monthly for \$357.00 and the lease has an interest rate of 0.3147%. The value of the right to use asset as of 06/30/2023 is \$13,498.76 with accumulated amortization of \$8,422.10.	4,988	4,274

NOTE 8 – LONG-TERM OBLIGATIONS (CONTINUED)

Lease liabilities (continued):	Amount Outstanding	Amount Due Within One Year
At 07/01/2021, Fauquier County Public Schools, VA was under a lessee agreement for the use of copier Equipment for a term of 38 months. The lease liability at 07/01/2021 was \$4,235.42 and as of 06/30/2023, the value of the lease liability is \$1,564.91. Payments are due monthly for \$112.00 and the lease has an interest rate of 0.3147%. The value of the right to use asset as of 06/30/2023 is \$4,235.42 with accumulated amortization of \$2,675.00.	\$ 1,565	\$ 1,341
At 09/30/2021, Fauquier County Public Schools, VA was under a lessee agreement for the use of mailing Equipment for a term of 48 months. The lease liability at 09/30/2021 was \$2,513.30 and as of 06/30/2023, the value of the lease liability is \$1,260.95. Payments are due quarterly for \$158.43 and the lease has an interest rate of 0.4570%. The value of the right to use asset as of 06/30/2023 is \$2,513.30 with accumulated amortization of \$1,123.95.	1,261	629
At 07/01/2021, Fauquier County Public Schools, VA was under a lessee agreement for the use of copier Equipment for a term of 29 months. The lease liability at 07/01/2021 was \$11,483.00 and as of 06/30/2023, the value of the lease liability is \$1,988.12. Payments are due monthly for \$533.08 and the lease has an interest rate of 0.4570%. The value of the right to use asset as of 06/30/2023 is \$11,483.00 with accumulated amortization of \$9,503.18.	1,988	1,988
At 07/01/2021, Fauquier County Public Schools, VA was under a lessee agreement for the use of copier Equipment for a term of 29 months. The lease liability at 07/01/2021 was \$16,267.68 and as of 06/30/2023, the value of the lease liability is \$2,810.37. Payments are due monthly for \$891.49 and the lease has an interest rate of 0.2177%. The value of the right to use asset as of 06/30/2023 is \$16,267.68 with accumulated amortization of \$13,462.91.	2,810	2,810
At 07/01/2021, Fauquier County Public Schools, VA was under a lessee agreement for the use of copier Equipment for a term of 29 months. The lease liability at 07/01/2021 was \$6,570.65 and as of 06/30/2023, the value of the lease liability is \$1,135.13. Payments are due monthly for \$502.15 and the lease has an interest rate of 0.2177%. The value of the right to use asset as of 06/30/2023 is \$6,570.65 with accumulated amortization of \$5,437.78.	1,135	1,135
At 07/01/2021, Fauquier County Public Schools, VA was under a lessee agreement for the use of copier Equipment for a term of 29 months. The lease liability at 07/01/2021 was \$5,809.89 and as of 06/30/2023, the value of the lease liability is \$1,003.70. Payments are due monthly for \$328.85 and the lease has an interest rate of 0.2177%. The value of the right to use asset as of 06/30/2023 is \$5,809.89 with accumulated amortization of \$4,808.18.	1,004	1,004
At 07/01/2021, Fauquier County Public Schools, VA was under a lessee agreement for the use of copier Equipment for a term of 29 months. The lease liability at 07/01/2021 was \$4,500.96 and as of 06/30/2023, the value of the lease liability is \$777.58. Payments are due monthly for \$320.60 and the lease has an interest rate of 0.2177%. The value of the right to use asset as of 06/30/2023 is \$4,500.96 with accumulated amortization of \$3,724.93.	778	778

NOTE 8 – LONG-TERM OBLIGATIONS (CONTINUED)

Lease liabilities (continued):	Amount Outstanding	Amount Due Within One Year
At 07/01/2021, Fauquier County Public Schools, VA was under a lessee agreement for the use of copier Equipment for a term of 38 months. The lease liability at 07/01/2021 was \$6,206.97 and as of 06/30/2023, the value of the lease liability is \$2,291.33. Payments are due monthly for \$163.89 and the lease has an interest rate of 0.2177%. The value of the right to use asset as of 06/30/2023 is \$6,206.97 with accumulated amortization of \$3,920.19.	\$ 2,291	\$ 1,964
At 07/01/2021, Fauquier County Public Schools, VA was under a lessee agreement for the use of copier Equipment for a term of 26 months. The lease liability at 07/01/2021 was \$8,080.81 and as of 06/30/2023, the value of the lease liability is \$623.40. Payments are due monthly for \$311.82 and the lease has an interest rate of 0.3147%. The value of the right to use asset as of 06/30/2023 is \$8,080.81 with accumulated amortization of \$7,459.21.	623	623
At 07/01/2021, Fauquier County Public Schools, VA was under a lessee agreement for the use of copier Equipment for a term of 26 months. The lease liability at 07/01/2021 was \$3,320.47 and as of 06/30/2023, the value of the lease liability is \$255.94. Payments are due monthly for \$128.00 and the lease has an interest rate of 0.2177%. The value of the right to use asset as of 06/30/2023 is \$3,320.47 with accumulated amortization of \$3,065.05.	256	256
At 07/01/2021, Fauquier County Public Schools, VA was under a lessee agreement for the use of copier Equipment for a term of 37 months. The lease liability at 07/01/2021 was \$11,968.43 and as of 06/30/2023, the value of the lease liability is \$4,217.25. Payments are due monthly for \$325.00 and the lease has an interest rate of 0.3147%. The value of the right to use asset as of 06/30/2023 is \$11,969.12 with accumulated amortization of \$7,763.64.	4,217	3,892
At 07/01/2021, Fauquier County Public Schools, VA was under a lessee agreement for the use of copier Equipment for a term of 26 months. The lease liability at 07/01/2021 was \$10,168.93 and as of 06/30/2023, the value of the lease liability is \$783.79. Payments are due monthly for \$392.00 and the lease has an interest rate of 0.2177%. The value of the right to use asset as of 06/30/2023 is \$10,168.93 with accumulated amortization of \$9,386.70.	784	784
At 07/01/2021, Fauquier County Public Schools, VA was under a lessee agreement for the use of copier Equipment for a term of 28 months. The lease liability at 07/01/2021 was \$8,268.75 and as of 06/30/2023, the value of the lease liability is \$1,183.83. Payments are due monthly for \$296.09 and the lease has an interest rate of 0.2177%. The value of the right to use asset as of 06/30/2023 is \$8,268.75 with accumulated amortization of \$7,087.50.	1,184	1,184
At 07/01/2021, Fauquier County Public Schools, VA was under a lessee agreement for the use of copier Equipment for a term of 28 months. The lease liability at 07/01/2021 was \$8,268.75 and as of 06/30/2023, the value of the lease liability is \$1,183.83. Payments are due monthly for \$296.09 and the lease has an interest rate of 0.2177%. The value of the right to use asset as of 06/30/2023 is \$8,268.75 with accumulated amortization of \$7,087.50.	1,184	1,184

NOTE 8 – LONG-TERM OBLIGATIONS (CONTINUED)

Lease liabilities (continued):	<u>Amount Outstanding</u>	<u>Amount Due Within One Year</u>
At 07/01/2021, Fauquier County Public Schools, VA was under a lessee agreement for the use of copier Equipment for a term of 37 months. The lease liability at 07/01/2021 was \$12,631.23 and as of 06/30/2023, the value of the lease liability is \$4,450.83. Payments are due monthly for \$343.00 and the lease has an interest rate of 0.3150%. The value of the right to use asset as of 06/30/2023 is \$12,631.23 with accumulated amortization of \$8,193.23. The lease has 1 extension option(s), each for 1 months.	\$ 4,451	\$ 4,108
At 07/01/2021, Fauquier County Public Schools, VA was under a lessee agreement for the use of copier Equipment for a term of 37 months. The lease liability at 07/01/2021 was \$12,631.23 and as of 06/30/2023, the value of the lease liability is \$4,450.83. Payments are due monthly for \$343.00 and the lease has an interest rate of 0.3150%. The value of the right to use asset as of 06/30/2023 is \$12,631.23 with accumulated amortization of \$8,193.23. The lease has 1 extension option(s), each for 1 months.	4,451	4,108
At 07/01/2021, Fauquier County Public Schools, VA was under a lessee agreement for the use of copier Equipment for a term of 30 months. The lease liability at 07/01/2021 was \$10,208.41 and as of 06/30/2023, the value of the lease liability is \$2,047.59. Payments are due monthly for \$341.58 and the lease has an interest rate of 0.3150%. The value of the right to use asset as of 06/30/2023 is \$10,208.41 with accumulated amortization of \$8,166.73.	2,048	2,048
At 07/01/2021, Fauquier County Public Schools, VA was under a lessee agreement for the use of copier Equipment for a term of 38 months. The lease liability at 07/01/2021 was \$11,225.08 and as of 06/30/2023, the value of the lease liability is \$4,142.56. Payments are due monthly for \$296.24 and the lease has an interest rate of 0.1850%. The value of the right to use asset as of 06/30/2023 is \$11,225.08 with accumulated amortization of \$7,089.52.	4,143	3,550
At 07/01/2021, Fauquier County Public Schools, VA was under a lessee agreement for the use of copier Equipment for a term of 38 months. The lease liability at 07/01/2021 was \$9,454.07 and as of 06/30/2023, the value of the lease liability is \$3,493.11. Payments are due monthly for \$250.00 and the lease has an interest rate of 0.3147%. The value of the right to use asset as of 06/30/2023 is \$9,454.07 with accumulated amortization of \$5,970.99.	3,493	2,993
At 07/01/2021, Fauquier County Public Schools, VA was under a lessee agreement for the use of copier Equipment for a term of 37 months. The lease liability at 07/01/2021 was \$19,149.39 and as of 06/30/2023, the value of the lease liability is \$6,747.59. Payments are due monthly for \$520.00 and the lease has an interest rate of 0.3150%. The value of the right to use asset as of 06/30/2023 is \$19,149.39 with accumulated amortization of \$12,421.23. The lease has 1 extension option(s), each for 1 months.	6,748	6,228
At 07/01/2021, Fauquier County Public Schools, VA was under a lessee agreement for the use of copier Equipment for a term of 37 months. The lease liability at 07/01/2021 was \$12,631.23 and as of 06/30/2023, the value of the lease liability is \$4,450.83. Payments are due monthly for \$343.00 and the lease has an interest rate of 0.3150%. The value of the right to use asset as of 06/30/2023 is \$12,631.23 with accumulated amortization of \$8,193.23. The lease has 1 extension option(s), each for 1 months.	4,451	4,108

NOTE 8 – LONG-TERM OBLIGATIONS (CONTINUED)

Lease liabilities (continued):	<u>Amount Outstanding</u>	<u>Amount Due Within One Year</u>
At 07/01/2021, Fauquier County Public Schools, VA was under a lessee agreement for the use of mailing Equipment for a term of 52 months. The lease liability at 07/01/2021 was \$7,002.50 and as of 06/30/2023, the value of the lease liability is \$3,509.14. Payments are due quarterly for \$391.44 and the lease has an interest rate of 0.3147%. The value of the right to use asset as of 06/30/2023 is \$7,002.50 with accumulated amortization of \$3,231.93.	\$ 3,509	\$ 1,557
At 07/01/2021, Fauquier County Public Schools, VA was under a lessee agreement for the use of copier Equipment for a term of 27 months. The lease liability at 07/01/2021 was \$18,099.09 and as of 06/30/2023, the value of the lease liability is \$2,142.14. Payments are due monthly for \$647.98 and the lease has an interest rate of 0.2177%. The value of the right to use asset as of 06/30/2023 is \$18,099.09 with accumulated amortization of \$15,795.57.	2,591	2,591
At 07/01/2021, Fauquier County Public Schools, VA was under a lessee agreement for the use of copier Equipment for a term of 28 months. The lease liability at 07/01/2021 was \$4,669.88 and as of 06/30/2023, the value of the lease liability is \$668.45. Payments are due monthly for \$332.19 and the lease has an interest rate of 0.2177%. The value of the right to use asset as of 06/30/2023 is \$4,669.88 with accumulated amortization of \$4,002.75.	668	668
At 07/01/2021, Fauquier County Public Schools, VA was under a lessee agreement for the use of mailing Equipment for a term of 42 months. The lease liability at 07/01/2021 was \$15,016.09 and as of 06/30/2023, the value of the lease liability is \$6,462.42. Payments are due quarterly for \$1,081.38 and the lease has an interest rate of 0.4570%. The value of the right to use asset as of 06/30/2023 is \$15,016.09 with accumulated amortization of \$8,580.62. The lease has 1 extension option(s), each for 1 months.	6,462	4,303
At 07/01/2021, Fauquier County Public Schools, VA was under a lessee agreement for the use of copier Equipment for a term of 29 months. The lease liability at 07/01/2021 was \$4,528.73 and as of 06/30/2023, the value of the lease liability is \$782.38. Payments are due monthly for \$251.56 and the lease has an interest rate of 0.2177%. The value of the right to use asset as of 06/30/2023 is \$4,528.73 with accumulated amortization of \$3,747.92.	782	782
At 07/01/2021, Fauquier County Public Schools, VA was under a lessee agreement for the use of copier Equipment for a term of 29 months. The lease liability at 07/01/2021 was \$10,438.12 and as of 06/30/2023, the value of the lease liability is \$1,803.27. Payments are due monthly for \$495.85 and the lease has an interest rate of 0.2177%. The value of the right to use asset as of 06/30/2023 is \$10,438.12 with accumulated amortization of \$8,638.45.	1,803	1,803
At 07/01/2021, Fauquier County Public Schools, VA was under a lessee agreement for the use of copier Equipment for a term of 29 months. The lease liability at 07/01/2021 was \$6,570.65 and as of 06/30/2023, the value of the lease liability is \$1,135.13. Payments are due monthly for \$502.15 and the lease has an interest rate of 0.2177%. The value of the right to use asset as of 06/30/2023 is \$6,570.65 with accumulated amortization of \$5,437.78.	1,135	1,135

NOTE 8 – LONG-TERM OBLIGATIONS (CONTINUED)

Lease liabilities (continued):	<u>Amount Outstanding</u>	<u>Amount Due Within One Year</u>
On 07/01/2022, Fauquier County Public Schools, VA entered into a 36 month lease as lessee for the use of Taylor MS Ricoh PB. An initial lease liability was recorded in the amount of \$1,704.57. As of 06/30/2023, the value of the lease liability is \$1,142.48. Fauquier County Public Schools, VA is required to make quarterly fixed payments of \$146.34. The lease has an interest rate of 2.1840%. The value of the right to use asset as of 06/30/2023 is \$1,704.57 with accumulated amortization of \$568.19.	\$ 1,142	\$ 565
On 01/01/2023, Fauquier County Public Schools, VA entered into a 60 month lease as lessee for the use of Transportation monitoring - Synovia. An initial lease liability was recorded in the amount of \$417,396.88. As of 06/30/2023, the value of the lease liability is \$377,609.10. Fauquier County Public Schools, VA is required to make monthly fixed payments of \$7,524.00. The lease has an interest rate of 3.2380%. The value of the right to use asset as of 06/30/2023 is \$417,396.88 with accumulated amortization of \$41,739.69. Fauquier County Public Schools, VA has 2 extension option(s), each for 12 months.	377,609	79,230
On 07/01/2022, Fauquier County Public Schools, VA entered into a 103 month lease as lessee for the use of Facilities Ricoh MTO Laser. An initial lease liability was recorded in the amount of \$29,369.46. As of 06/30/2023, the value of the lease liability is \$25,981.64. Fauquier County Public Schools, VA is required to make monthly fixed payments of \$288.97. The lease has an interest rate of 0.3147%. The value of the right to use asset as of 06/30/2023 is \$29,369.46 with accumulated amortization of \$3,421.68. Fauquier County Public Schools, VA has 5 extension option(s), each for 12 months.	25,982	3,391
On 07/01/2022, Fauquier County Public Schools, VA entered into a 25 month lease as lessee for the use of MMS Sharp Copier MX-M3071. An initial lease liability was recorded in the amount of \$3,257.45. As of 06/30/2023, the value of the lease liability is \$1,769.54. Fauquier County Public Schools, VA is required to make monthly fixed payments of \$128.00. The lease has an interest rate of 2.0240%. The value of the right to use asset as of 06/30/2023 is \$3,257.45 with accumulated amortization of \$1,503.44.	1,770	1,514
On 07/01/2022, Fauquier County Public Schools, VA entered into a 26 month lease as lessee for the use of MWES PB. An initial lease liability was recorded in the amount of \$389.35. As of 06/30/2023, the value of the lease liability is \$216.61. Fauquier County Public Schools, VA is required to make quarterly fixed payments of \$43.50. The lease has an interest rate of 0.5520%. The value of the right to use asset as of 06/30/2023 is \$389.35 with accumulated amortization of \$179.70.	217	173
At 07/01/2021, Fauquier County Public Schools, VA was under a agreement for the use of copier Equipment for a term of 40 months. The initial lease liability was \$14,591.91. As of 06/30/2023, the value of the lease liability is \$4,513.93. Fauquier County Public Schools, VA is required to make monthly fixed payments of \$357.00. The lease has an interest rate of 0.1850%. The value of the right to use asset as of 06/30/2023 is \$12,154.28 with accumulated amortization of \$7,711.02.	4,514	3,384
At 07/01/2021, Fauquier County Public Schools, VA was under a lessee agreement for the use of copier Equipment for a term of 40 months. The lease liability at 07/01/2021 was \$14,560.52 and as of 06/30/2023, the value of the lease liability is \$4,782.71. Payments are due monthly for \$357.00 and the lease has an interest rate of 0.3147%. The value of the right to use asset as of 06/30/2023 is \$12,396.19 with accumulated amortization of \$7,723.20.	4,783	3,374
At 07/01/2021, Fauquier County Public Schools, VA was under a lessee agreement for the use of mailing Equipment for a term of 36 months. The lease liability at 07/01/2021 was \$6,744.15 and as of 06/30/2023, the value of the lease liability is \$2,079.82. Payments are due quarterly for \$520.98 and the lease has an interest rate of 0.3147%. The value of the right to use asset as of 06/30/2023 is \$6,744.15 with accumulated amortization of \$4,496.10.	2,080	2,080

NOTE 8 – LONG-TERM OBLIGATIONS (CONTINUED)

Lease liabilities (continued):	<u>Amount Outstanding</u>	<u>Amount Due Within One Year</u>
At 07/01/2021, Fauquier County Public Schools, VA was under a lessee agreement for the use of copier Equipment for a term of 28 months. The lease liability at 07/01/2021 was \$10,481.60 and as of 06/30/2023, the value of the lease liability is \$1,000.98. Payments are due monthly for \$510.26 and the lease has an interest rate of 0.2177%. The value of the right to use asset as of 06/30/2023 is \$8,487.00 with accumulated amortization of \$7,488.28.	\$ 1,001	\$ 1,001
At 07/01/2021, Fauquier County Public Schools, VA was under a lessee agreement for the use of copier Equipment for a term of 40 months. The lease liability at 07/01/2021 was \$12,113.37 and as of 06/30/2023, the value of the lease liability is \$7,559.72. Payments are due monthly for \$297.00 and the lease has an interest rate of 0.3147%. The value of the right to use asset as of 06/30/2023 is \$16,413.29 with accumulated amortization of \$8,996.82.	7,560	5,333
At 07/01/2021, Fauquier County Public Schools, VA was under a lessee agreement for the use of copier Equipment for a term of 38 months. The lease liability at 07/01/2021 was \$17,100.00 and as of 06/30/2023, the value of the lease liability is \$6,300.00. Payments are due monthly for \$450.00 and the lease has an interest rate of 0.0000%. The value of the right to use asset as of 06/30/2023 is \$17,100.00 with accumulated amortization of \$10,800.00. The lease has 1 extension option(s), each for 1 months.	6,300	5,400
At 07/01/2021, Fauquier County Public Schools, VA was under a lessee agreement for the use of copier Equipment for a term of 37 months. The lease liability at 07/01/2021 was \$1,735.04 and as of 06/30/2023, the value of the lease liability is \$579.26. Payments are due quarterly for \$145.29 and the lease has an interest rate of 0.3150%. The value of the right to use asset as of 06/30/2023 is \$1,734.17 with accumulated amortization of \$1,124.96. The lease has 1 extension option(s), each for 1 months.	579	579
At 07/01/2021, Fauquier County Public Schools, VA was under a lessee agreement for the use of mailing Equipment for a term of 29 months. The lease liability at 07/01/2021 was \$896.16 and as of 06/30/2023, the value of the lease liability is \$179.72. Payments are due quarterly for \$179.82 and the lease has an interest rate of 0.2180%. The value of the right to use asset as of 06/30/2023 is \$1,077.14 with accumulated amortization of \$854.24.	180	180
At 01/01/2022, Fauquier County Public Schools, VA was under a lessee agreement for the use of copier Equipment for a term of 36 months. The lease liability at 01/01/2022 was \$18,251.89 and as of 06/30/2023, the value of the lease liability is \$4,308.17. Payments are due monthly for \$645.15 and the lease has an interest rate of 0.4257%. The value of the right to use asset as of 06/30/2023 is \$10,198.80 with accumulated amortization of \$5,904.71.	4,308	2,869
At 11/04/2021, Fauquier County Public Schools, VA was under a lessee agreement for the use of copier Equipment for a term of 36 months. The lease liability at 11/04/2021 was \$18,311.18 and as of 06/30/2023, the value of the lease liability is \$8,151.58. Payments are due monthly for \$510.26 and the lease has an interest rate of 0.2177%. The value of the right to use asset as of 06/30/2023 is \$18,311.18 with accumulated amortization of \$10,122.01.	8,152	6,111

NOTE 8 – LONG-TERM OBLIGATIONS (CONTINUED)

Lease liabilities (continued):	<u>Amount Outstanding</u>	<u>Amount Due Within One Year</u>
At 11/04/2021, Fauquier County Public Schools, VA was under a lessee agreement for the use of copier Equipment for a term of 36 months. The lease liability at 11/04/2021 was \$18,312.62 and as of 06/30/2023, the value of the lease liability is \$8,152.23. Payments are due monthly for \$510.30 and the lease has an interest rate of 0.2177%. The value of the right to use asset as of 06/30/2023 is \$18,312.62 with accumulated amortization of \$10,122.81.	\$ 8,152	\$ 6,112
At 07/01/2021, Fauquier County Public Schools, VA was under a lessee agreement for the use of copier Equipment for a term of 28 months. The lease liability at 07/01/2021 was \$14,236.83 and as of 06/30/2023, the value of the lease liability is \$2,039.71. Payments are due monthly for \$510.26 and the lease has an interest rate of 0.3147%. The value of the right to use asset as of 06/30/2023 is \$14,236.83 with accumulated amortization of \$12,203.00.	2,040	2,040
At 07/01/2021, Fauquier County Public Schools, VA was under a lessee agreement for the use of copier Equipment for a term of 37 months. The lease liability at 07/01/2021 was \$11,968.43 and as of 06/30/2023, the value of the lease liability is \$4,217.25. Payments are due monthly for \$325.00 and the lease has an interest rate of 0.3147%. The value of the right to use asset as of 06/30/2023 is \$11,969.12 with accumulated amortization of \$7,763.64.	4,217	3,892
At 07/01/2021, Fauquier County Public Schools, VA was under a lessee agreement for the use of copier Equipment for a term of 29 months. The lease liability at 07/01/2021 was \$14,765.65 and as of 06/30/2023, the value of the lease liability is \$2,550.11. Payments are due monthly for \$510.26 and the lease has an interest rate of 0.1850%. The value of the right to use asset as of 06/30/2023 is \$9,824.06 with accumulated amortization of \$8,731.67.	2,550	2,550
At 09/01/2021, Fauquier County Public Schools, VA was under a lessee agreement for the use of copier Equipment for a term of 36 months. The lease liability at 09/01/2021 was \$17,407.37 and as of 06/30/2023, the value of the lease liability is \$4,901.00. Payments are due monthly for \$485.76 and the lease has an interest rate of 0.3147%. The value of the right to use asset as of 06/30/2023 is \$13,912.15 with accumulated amortization of \$9,024.66.	4,901	4,200
At 07/01/2021, Fauquier County Public Schools, VA was under a lessee agreement for the use of copier Equipment for a term of 30 months. The lease liability at 07/01/2021 was \$8,730.03 and as of 06/30/2023, the value of the lease liability is \$2,103.18. Payments are due monthly for \$485.75 and the lease has an interest rate of 0.2177%. The value of the right to use asset as of 06/30/2023 is \$12,121.16 with accumulated amortization of \$10,020.78.	2,103	2,103
At 07/01/2021, Fauquier County Public Schools, VA was under a lessee agreement for the use of copier Equipment for a term of 29 months. The lease liability at 07/01/2021 was \$10,413.54 and as of 06/30/2023, the value of the lease liability is \$1,799.01. Payments are due monthly for \$360.00 and the lease has an interest rate of 0.2177%. The value of the right to use asset as of 06/30/2023 is \$10,413.54 with accumulated amortization of \$8,618.10.	1,799	1,799

NOTE 8 – LONG-TERM OBLIGATIONS (CONTINUED)

Lease liabilities (continued):	<u>Amount Outstanding</u>	<u>Amount Due Within One Year</u>
On 03/01/2023, Fauquier County Public Schools, VA entered into a 48 month lease as lessee for the use of Greenville - VBS 4 Konica Copiers. An initial lease liability was recorded in the amount of \$75,063.92. As of 06/30/2023, the value of the lease liability is \$70,462.44. Fauquier County Public Schools, VA is required to make quarterly fixed payments of \$5,010.45. The lease has an interest rate of 3.2690%. The value of the right to use asset as of 06/30/2023 is \$75,063.92 with accumulated amortization of \$6,255.33.	\$ 70,462	\$ 17,957
On 07/01/2022, Fauquier County Public Schools, VA entered into a 27 month lease as lessee for the use of LHS Principal Copier 40874. An initial lease liability was recorded in the amount of \$3,758.35. As of 06/30/2023, the value of the lease liability is \$2,206.01. Fauquier County Public Schools, VA is required to make monthly fixed payments of \$139.86. The lease has an interest rate of 2.0240%. The value of the right to use asset as of 06/30/2023 is \$3,758.35 with accumulated amortization of \$1,610.72.	2,206	1,649
On 07/01/2022, Fauquier County Public Schools, VA entered into a 34 month lease as lessee for the use of Pierce ES Ricoh 2 Copiers 67846 and 47. An initial lease liability was recorded in the amount of \$20,355.25. As of 06/30/2023, the value of the lease liability is \$13,290.10. Fauquier County Public Schools, VA is required to make monthly fixed payments of \$616.82. The lease has an interest rate of 2.1840%. The value of the right to use asset as of 06/30/2023 is \$20,355.25 with accumulated amortization of \$7,184.21.	13,290	7,183
On 11/30/2022, Fauquier County Public Schools, VA entered into a 31 month lease as lessee for the use of Pierce ES Ricoh Copier 69127. An initial lease liability was recorded in the amount of \$7,995.96. As of 06/30/2023, the value of the lease liability is \$5,964.04. Fauquier County Public Schools, VA is required to make monthly fixed payments of \$264.99. The lease has an interest rate of 2.1840%. The value of the right to use asset as of 06/30/2023 is \$7,995.96 with accumulated amortization of \$1,872.53.	5,964	3,081
At 09/22/2021, Fauquier County Public Schools, VA was under a lessee agreement for the use of copier Equipment for a term of 48 months. The lease liability at 09/22/2021 was \$39,771.09 and as of 06/30/2023, the value of the lease liability is \$21,624.66. Payments are due monthly for \$836.00 and the lease has an interest rate of 0.4570%. The value of the right to use asset as of 06/30/2023 is \$39,771.09 with accumulated amortization of \$17,648.42.	21,625	9,954
At 07/01/2021, Fauquier County Public Schools, VA was under a lessee agreement for the use of mailing Equipment for a term of 42 months. The lease liability at 07/01/2021 was \$2,033.63 and as of 06/30/2023, the value of the lease liability is \$874.55. Payments are due quarterly for \$146.34 and the lease has an interest rate of 0.4570%. The value of the right to use asset as of 06/30/2023 is \$2,033.63 with accumulated amortization of \$1,162.08.	875	582
lease as lessee for the use of CLMS Xerox 4 Copiers. An initial lease liability was recorded in the amount of \$30,073.15. As of 06/30/2023, the value of the lease liability is \$25,191.36. Fauquier County Public Schools, VA is required to make monthly fixed payments of \$875.29. The lease has an interest rate of 3.2380%. The value of the right to use asset as of 06/30/2023 is \$30,073.15 with accumulated amortization of \$5,689.52.	25,191	9,834

NOTE 8 – LONG-TERM OBLIGATIONS (CONTINUED)

Lease liabilities (continued):	Amount Outstanding	Amount Due Within One Year
At 07/01/2021, Fauquier County Public Schools, VA was under a lessee agreement for the use of copier Equipment for a term of 29 months. The lease liability at 07/01/2021 was \$2,907.69 and as of 06/30/2023, the value of the lease liability is \$502.32. Payments are due monthly for \$125.52 and the lease has an interest rate of 0.2177%. The value of the right to use asset as of 06/30/2023 is \$2,907.69 with accumulated amortization of \$2,406.36.	\$ 502	\$ 502
At 11/22/2021, Fauquier County Public Schools, VA was under a lessee agreement for the use of copier Equipment for a term of 60 months. The lease liability at 11/22/2021 was \$15,008.69 and as of 06/30/2023, the value of the lease liability is \$10,053.09. Payments are due monthly for \$254.05 and the lease has an interest rate of 0.6320%. The value of the right to use asset as of 06/30/2023 is \$14,957.23 with accumulated amortization of \$4,816.08.	10,052	2,995
Total lease liabilities	721,499	278,800
Subscription liabilities:		
On 07/01/2022, Fauquier County Public Schools, VA entered into a 24 month subscription for the use of Cloud Choice Application. An initial subscription liability was recorded in the amount of \$228,586.18. As of 06/30/2023, the value of the subscription liability is \$113,323.98. Fauquier County Public Schools, VA is required to make annual fixed payments of \$115,262.20. The subscription has an interest rate of 1.7103%. The value of the right to use asset as of 06/30/2023 is \$228,586.18 with accumulated amortization of \$114,293.09.	113,324	113,324
On 09/01/2022, Fauquier County Public Schools, VA entered into a 24 month subscription for the use of Learn - Org & Com Sub. An initial subscription liability was recorded in the amount of \$98,297.72. As of 06/30/2023, the value of the subscription liability is \$48,732.12. Fauquier County Public Schools, VA is required to make annual fixed payments of \$49,565.60. The subscription has an interest rate of 1.7103%. The value of the right to use asset as of 06/30/2023 is \$98,297.72 with accumulated amortization of \$40,957.38.	48,732	48,732
On 07/01/2022, Fauquier County Public Schools, VA entered into a 33 month subscription for the use of Cisco - SmartNet. An initial subscription liability was recorded in the amount of \$98,768.31. As of 06/30/2023, the value of the subscription liability is \$65,369.41. Fauquier County Public Schools, VA is required to make annual fixed payments of \$33,525.60. The subscription has an interest rate of 1.7103%. The value of the right to use asset as of 06/30/2023 is \$98,768.31 with accumulated amortization of \$35,915.75.	65,369	32,408
Total subscription liabilities	227,425	194,464
Compensated absences	3,989,125	398,912
Total component unit long-term obligations	\$ 14,661,280	\$ 1,511,758

NOTE 8 – LONG-TERM OBLIGATIONS (CONTINUED)

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

Fiscal Year	Direct Borrowing Financing Agreement		Lease Liabilities		Subscription Liabilities	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 639,582	\$ 316,590	\$ 278,800	\$ 14,679	\$ 194,464	\$ 3,890
2025	660,928	295,244	161,699	10,550	32,961	564
2026	682,986	273,187	117,397	6,764	-	-
2027	705,779	250,393	106,528	3,275	-	-
2028	729,334	226,838	48,154	457	-	-
2029-2033	4,028,440	752,422	8,921	37	-	-
2034-2036	2,276,182	114,250	-	-	-	-
Total	\$ 9,723,231	\$ 2,228,924	\$ 721,499	\$ 35,762	\$ 227,425	\$ 4,454

NOTE 9 – COMMITMENTS

A. Long-term USDA

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

The following is a summary of long-term commitments of the County for the year ended June 30, 2023:

	Balance July 1, 2022	Additions	Retirements	Balance June 30, 2023	Amount Due Within One Year
General long-term commitments:					
USDA Loans	\$ 7,391,962	\$ -	\$ 198,943	\$ 7,193,019	\$ 206,721

NOTE 9 – COMMITMENTS (CONTINUED)

	<u>Amount Outstanding</u>	<u>Amount Due Within One Year</u>
USDA Loans:		
\$2,900,000 issued to Warrenton Volunteer Fire Company, Inc., on March 12, 2007, due in annual installments for principal and interest beginning March 12, 2010 through March 12, 2047, with interest payable annually at 4.125%.	\$ 2,294,212	\$ 57,817
\$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%.	805,457	18,395
\$5,703,000 issued to New Baltimore Volunteer Fire and Rescue Company, Inc., on December 21, 2010, due in annual installments for principal and interest beginning December 21, 2013 through December 21, 2045, at 3.750%.	<u>4,093,350</u>	<u>130,509</u>
Total long-term commitments	\$ <u>7,193,019</u>	\$ <u>206,721</u>

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 206,721	\$ 283,376
2025	214,805	275,292
2026	223,206	266,891
2027	231,937	258,160
2028	241,010	249,087
2029-2033	1,354,110	1,096,375
2034-2038	1,640,741	809,744
2039-2043	1,988,272	462,213
2044-2048	<u>1,092,217</u>	<u>102,300</u>
Total	\$ <u><u>7,193,019</u></u>	\$ <u><u>3,803,438</u></u>

B. Construction commitments

At June 30, 2023, the County had several major projects under construction which are summarized below:

<u>Project Name</u>	<u>Contractor</u>	<u>Contract Amount</u>	<u>Expended to Date</u>	<u>Balance</u>
Cedar Lee Middle School Expansion & Renovation	Taft Construction	\$ 18,205,536	\$ 16,798,161	\$ 1,407,375
Landfill 2020 GCCS Expansion Services	SCS Field Services	358,656	358,515	141
Marshall Main Street	Shirley Contracting Co	5,553,133	4,657,638	895,495
Catlett-Calverton Wastewater Treatment System	English Construction	9,364,974	9,280,088	84,886
149 Landfill Closure Project	Harnden Group	8,086,872	2,240,080	5,846,792
		<u> </u>	<u> </u>	<u> </u>
Total		\$ <u><u>41,569,171</u></u>	\$ <u><u>33,334,482</u></u>	\$ <u><u>8,234,689</u></u>

NOTE 9 – COMMITMENTS (CONTINUED)

C. Commitments and contingent liabilities

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

NOTE 10 – TAX ABATEMENT DISCLOSURES

Fauquier County, in accordance with §58.1-3651 and §58.1-3651B of the Code of Virginia, sets forth the process and procedure by which a locality may designate property as tax exempt and that requires prior adoption of any Ordinance exempting property from local taxation, the Board of Supervisors shall hold a public hearing on any proposed application and, upon consideration, can determine that a proposed exemption from taxation can be granted.

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

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

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

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

NOTE 10 – TAX ABATEMENT DISCLOSURES (CONTINUED)

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

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

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

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

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

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

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

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

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

NOTE 10 – TAX ABATEMENT DISCLOSURES (CONTINUED)

For fiscal year ended June 30, 2023, 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	\$ 24,067
<u>Volunteer Emergency Services Agencies/Volunteer Fire Departments</u>	
Personal Property Taxes	\$ 146,680

NOTE 11 – LANDFILL CLOSURE AND POST-CLOSURE 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 post-closure 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 post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$36,953,495 reported as landfill closure/post-closure care liability at June 30, 2023, represents the cumulative amount reported based on the use of 100% of the estimated capacity of the old landfill, the use of 75.11% of the estimated capacity of the new landfill, and the closure costs for the Construction and Demolition Recycling facility, including Corrective Action, of \$6,315 and the Transfer Station of \$4,315. The County will recognize the remaining estimated cost of closure and post-closure care of \$3,425,749 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 post-closure care in 2023.

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.

NOTE 12 – VIRGINIA RETIREMENT SYSTEM PENSION PLAN

The County demonstrated financial assurance requirements for closure and post-closure 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*.

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 annual comprehensive

NOTE 12 – VIRGINIA RETIREMENT SYSTEM PENSION PLAN (CONTINUED)

financial report that includes financial statements and required supplementary information for VRS. A copy of the most recent report may be obtained from the VRS website at varetire.org/pdf/publications/2022-annual-report.pdf or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

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

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

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

NOTE 12 – VIRGINIA RETIREMENT SYSTEM PENSION PLAN (CONTINUED)

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

NOTE 12 – VIRGINIA RETIREMENT SYSTEM PENSION PLAN (CONTINUED)

Hybrid Opt-In Election	<p>Eligible Plan 2 members could make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP. <i>This does not apply to the VRS Teacher Retirement Plan.</i></p>
Retirement Contributions	Same as Plan 1.
Service Credit	Same as Plan 1.
Vesting	Same as Plan 1.
Calculating the Benefit	See definition under Plan 1.
Average Final Compensation	A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.
Service Retirement Multiplier	<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 service credit 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 service credit or when their age and service equal 90.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>
Earliest Reduced Retirement Eligibility	<p>VRS: Age 60 with at least five years (60 months) of service credit.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>
Cost of Living Adjustment (COLA) in Retirement	<p>The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.</p> <p>Eligibility: Same as Plan 1.</p> <p>Exceptions to COLA Effective Dates: Same as Plan 1.</p>
Disability Coverage	Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.
Purchase of Prior Service	Same as Plan 1.
About Hybrid Retirement Plan	<p>The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan.</p> <ul style="list-style-type: none"> • The defined benefit is based on a member's age, service credit and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions. <p>In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.</p>

NOTE 12 – VIRGINIA RETIREMENT SYSTEM PENSION PLAN (CONTINUED)

Eligible Members	<p>Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> • Political subdivision 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	<p>A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.</p>
Service Credit	<p><u>Defined Benefit Component:</u> Under the defined benefit component of the plan, service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement if the employer offers the health insurance credit.</p> <p><u>Defined Contributions Component:</u> Under the defined contribution component, service credit is used to determine vesting for the employer contribution portion of the plan.</p>
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 service credit. Plan 1 or Plan 2 members with at least five years (60 months) of service credit who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.</p> <p><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	<p>Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>

NOTE 12 – VIRGINIA RETIREMENT SYSTEM PENSION PLAN (CONTINUED)

Service Retirement Multiplier	Defined Benefit Component: VRS: The retirement multiplier for the defined benefit component is 1.00%. 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. Sheriffs and regional jail superintendents: Not applicable. Political subdivision hazardous duty employees: Not applicable. Defined Contribution Component: Not applicable.
Normal Retirement Age	Defined Benefit Component: VRS: Same as Plan 2. Political subdivision hazardous duty employees: Not applicable. Defined Contribution Component: Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Unreduced Retirement Eligibility	Defined Benefit Component: VRS: Normal Social Security retirement age and have at least five years (60 months) of service credit or when their age and service equal 90. Political subdivisions hazardous duty employees: Not applicable. Defined Contribution Component: Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Reduced Retirement Eligibility	Defined Benefit Component: VRS: Age 60 with at least five years (60 months) of service credit. Political subdivisions hazardous duty employees: Not applicable. Defined Contribution Component: Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Cost of Living Adjustment (COLA) in Retirement	Defined Benefit Component: Same as Plan 2. Defined Contribution Component: Not Applicable. Eligibility: Same as Plan 1 and Plan 2. Exceptions to COLA Effective Dates: Same as Plan 1 and Plan 2.
Disability Coverage	Employees of political subdivisions and school divisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members. Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.
Purchase of Prior Service	Defined Benefit Component: Same as Plan 1, with the following exception: <ul style="list-style-type: none">• Hybrid Retirement Plan members are ineligible for ported service. Defined Contribution Component: Not applicable.

B. Summary of significant accounting policies

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

C. Actuarial assumptions

The net pension liabilities for Fauquier County and the Fauquier County School Board Retirement Plans were measured as of June 30, 2022. 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, 2021, 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, 2022.

NOTE 12 – VIRGINIA RETIREMENT SYSTEM PENSION PLAN (CONTINUED)

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

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

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

Mortality Rates:
General and School Board non-professional employees

Largest 10 – Non-Hazardous Duty: 20% of deaths are assumed to be service-related

Pre-Retirement: Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement: Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement: Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors: Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement: Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

All Others (Non-10 Largest) – Non-Hazardous Duty: 15% of deaths are assumed to be service-related

Pre-Retirement: Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

NOTE 12 – VIRGINIA RETIREMENT SYSTEM PENSION PLAN (CONTINUED)

Post-Retirement: Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement: Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors: Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement: Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

Public safety employees with hazardous duty benefits

Largest 10 – Hazardous Duty: 70% of deaths are assumed to be service-related

Pre-Retirement: Pub-2010 Amount Weighted Safety Employee Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males; 105% of rates for females set forward 2 years.

Post-Retirement: Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males; 105% of rates for females set forward 3 years.

Post-Disablement: Pub-2010 Amount Weighted General Disabled Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.

Beneficiaries and Survivors: Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males and females set forward 2 years

Mortality Improvement: Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

All Others (Non-10 Largest) – Hazardous Duty: 45% of deaths are assumed to be service-related

Pre-Retirement: Pub-2010 Amount Weighted Safety Employee Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males; 105% of rates for females set forward 2 years.

Post-Retirement: Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males; 105% of rates for females set forward 3 years.

Post-Disablement: Pub-2010 Amount Weighted General Disabled Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.

Beneficiaries and Survivors: Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males and females set forward 2 years.

Mortality Improvement: Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

NOTE 12 – VIRGINIA RETIREMENT SYSTEM PENSION PLAN (CONTINUED)

Teachers

Pre-retirement: Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males

Post-retirement: Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females

Post-disablement: Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females

Beneficiaries and Survivors: Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement: Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

General and School Board non-professional employeesLargest 10 – Non-Hazardous Duty:

Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020; Adjusted retirement rates to better fit experience for Plan 1: set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80; Adjusted withdrawal rates to better fit experience at each age and service through 9 years of service

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

Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020; Adjusted retirement rates to better fit experience for Plan 1: set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80; Adjusted withdrawal rates to better fit experience at each age and service through 9 years of service

Public safety employees with hazardous duty benefitsLargest 10 – Hazardous Duty:

Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020; Adjusted retirement rates to better fit experience and changed final retirement age from 65 to 70; Decreased withdrawal rates

All Others (Non 10 Largest) – Hazardous Duty:

Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020; Adjusted retirement rates to better fit experience and changed final retirement age from 65 to 70; Decreased withdrawal rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty.

Teachers

Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020; Adjusted retirement rates to better fix experience for Plan 1:

NOTE 12 – VIRGINIA RETIREMENT SYSTEM PENSION PLAN (CONTINUED)

set separate rates based on experience for Plan 2/Hybrid: and changed final retirement age from 75 to 80 for all; Adjusted termination rates to better fit experience at each age and service through 9 years of service

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:

Agent Multiple Employer Plan

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP- Private Investment Partnership	3.00%	6.55%	0.20%
Total	100.00%		5.33%
		Inflation	2.50%
		*Expected arithmetic normal return	7.83%

* The above allocation provides a one-year return of 7.83%. However, one-year returns do not consider the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation; at that time, providing a median return of 7.11%, including expected inflation.

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.

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, 2023, the alternate rate was the employer contribution rate used in FY2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2021, actuarial valuations, whichever was greater. From July 1, 2021 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

NOTE 12 – VIRGINIA RETIREMENT SYSTEM PENSION PLAN (CONTINUED)

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, 2022 actuarial valuation, the following employees were covered by the benefit terms of the Fauquier County Plan and the School Board Non-professional Plan.

	<u>Fauquier County Plan</u>	<u>School Board Non- professional Plan</u>
Inactive members or their beneficiaries currently receiving benefits	397	222
Inactive members entitled to but not yet receiving benefits		
Vested	139	62
Non-vested	285	210
Active elsewhere in the VRS	250	118
Total inactive members	<u>674</u>	<u>390</u>
Active members	<u>700</u>	<u>328</u>
Total	<u><u>1,771</u></u>	<u><u>940</u></u>

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, 2023 was 11.61% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021 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, 2023 was 4.34% of covered employee compensation for Non-professional School Employee Retirement Plan.

For the VRS Teacher Retirement Plan, the contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to school division by the Virginia General Assembly. Each school divisions' contractually required contribution rate for the year ended June 30, 2021 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

NOTE 12 – VIRGINIA RETIREMENT SYSTEM PENSION PLAN (CONTINUED)

In June 2022, the Commonwealth made a special contribution of approximately \$44.4 million to the VRS Teacher Retirement Plan. This special payment was authorized by a budget amendment included in Chapter 1 of the 2022 Appropriation Act and is classified as a non-employer contribution.

The chart below summarizes the contribution requirements for each plan:

	Primary Government		School Board			
	Retirement Plan		Non-professional Retirement Plan		Teacher Retirement Plan	
Annual Covered Payroll	\$	49,880,023	\$	9,747,612	\$	86,755,601
Employer contribution rates		11.61%		4.34%		16.62%
Employee contribution rates		5.00%		5.00%		5.00%
Total contribution rates		16.61%		9.34%		21.62%
Contributions recognized, June 30, 2023		5,476,106		331,202		13,781,376
Contributions recognized, June 30, 2022	\$	4,348,043	\$	361,832	\$	12,605,268

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 (Asset)
Primary Government

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances at June 30, 2021	\$ 163,701,095	\$ 168,737,675	\$ (5,036,580)
Changes for the Year			
Service cost	5,563,354	-	5,563,354
Interest	11,201,272	-	11,201,272
Changes of assumptions	-	-	-
Difference between expected and actual experience	413,436	-	413,436
Contributions- employer	-	4,348,015	(4,348,015)
Contributions- employee	-	2,169,812	(2,169,812)
Net investment income	-	(231,914)	231,914
Benefit payments, including refunds of employee contributions	(6,639,366)	(6,639,366)	-
Administrative expense	-	(104,232)	104,232
Other changes	-	3,954	(3,954)
Net changes	10,538,696	(453,731)	10,992,427
Balances at June 30, 2022	\$ 174,239,791	\$ 168,283,944	\$ 5,955,847
Sensitivity of the Net Pension Liability to Changes in Discount Rate	1% Decrease 5.75%	Discount Rate 6.75%	1% Increase 7.75%
	\$ 31,687,474	\$ 5,955,847	\$ (14,802,858)

NOTE 12 – VIRGINIA RETIREMENT SYSTEM PENSION PLAN (CONTINUED)

School Board:

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. The net pension liability was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021 and rolled forward to the measurement date of June 30, 2022. 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, 2022 relative to the total of the actuarially determined contributions for all participating employers. At June 30, 2022, the School Board's proportion was .84851% as compared to .86917% at June 30, 2021.

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, 2021, net pension liability for the VRS Teacher Employee Retirement plans is as follows (amounts expressed in thousands):

	Teacher Employee Retirement Plan
Total Pension Liability	\$ 54,732,329
Plan Fiduciary Net Position	<u>45,211,731</u>
Employer's Net Pension Liability (Asset)	\$ 9,520,598
Plan Fiduciary Net Position as Percentage of the Total Pension Liability (Asset)	82.61%

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 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.

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

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances at June 30, 2021	\$ 30,134,116	\$ 34,753,283	\$ (4,619,167)
Changes for the Year			
Service cost	697,830	-	697,830
Interest	2,026,231	-	2,026,231
Changes of assumptions	-	-	-
Difference between expected and actual experience	(690,927)	-	(690,927)
Contributions- employer	-	351,244	(351,244)
Contributions- employee	-	373,204	(373,204)
Net investment income	-	(31,447)	31,447
Benefit payments, including refunds of employee contributions	(1,627,414)	(1,627,414)	-
Administrative expense	-	(21,722)	21,722
Other changes	-	794	(794)
Net changes	<u>405,720</u>	<u>(955,341)</u>	<u>1,361,061</u>
Balances at June 30, 2022	\$ <u>30,539,836</u>	\$ <u>33,797,942</u>	\$ <u>(3,258,106)</u>

NOTE 12 – VIRGINIA RETIREMENT SYSTEM PENSION PLAN (CONTINUED)

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Teacher Cost Sharing Plan			
Proportionate share .84851% of the collective pension liability, fiduciary net position, and net pension liability	\$ 464,409,288	\$ 383,625,569	\$ 80,783,232
Total School Board Balances at June 30, 2022	\$ 494,949,124	\$ 417,423,511	\$ 77,525,126
	1% Decrease 5.75%	Discount Rate 6.75%	1% increase 7.75%
Sensitivity of the Net Pension Liability to Changes in Discount Rate			
School Board (non-professional) net pension liability	\$ 458,084	\$ (3,258,106)	\$ (6,311,524)
School Board (teacher cost sharing pool) proportionate share of the collective net pension liability	\$ 144,285,036	\$ 80,783,232	\$ 29,078,799

I. Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions

For the year ended June 30, 2023, the County recognized pension expense totaling \$3,831,858. For the Non-professional Retirement Plan, the School Board recognized pension expense of (\$372,992) and for the Teacher Retirement Plan the School Board recognized \$2,003,086 for its share of the total pension expense.

At June 30, 2023, 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	\$ 429,507	\$ (540,752)	\$ -	\$ (488,642)	\$ -	\$ (5,570,323)
Net difference between projected and actual earnings on pension plan investments	-	(4,697,050)	-	(1,004,267)	-	(10,532,442)
Changes in assumptions	2,834,123	-	176,264	-	7,616,232	-
Changes in proportion and differences between employer contributions and the proportionate share of contributions	-	-	-	-	1,825	(4,833,028)
Contributions subsequent to the measurement date	5,476,106	-	331,202	-	13,781,376	-
Total	\$ 8,739,736	\$ (5,237,802)	\$ 507,466	\$ (1,492,909)	\$ 21,399,433	\$ (20,935,793)

NOTE 12 – VIRGINIA RETIREMENT SYSTEM PENSION PLAN (CONTINUED)

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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	<u>Primary Government</u>	<u>School Board</u>		<u>Total</u>
	<u>Retirement Plan</u>	<u>Non-professional Retirement Plan</u>	<u>Teacher Retirement Plan</u>	
2024	\$ (251,568)	\$ (585,255)	\$ (4,327,309)	\$ (4,912,564)
2025	(925,893)	(523,994)	(4,995,554)	(5,519,548)
2026	(3,119,556)	(676,617)	(8,300,013)	(8,976,630)
2027	2,322,845	469,221	4,305,140	4,774,361

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS PROGRAM

A. Plan descriptions and provisions

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

Fauquier County

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

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS PROGRAM (CONTINUED)

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 Fauquier County School Board adopted the plan for its employees in April 2022.

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

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

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

The benefit terms of the Health Coverage Plan are established and may be amended under authority of Fauquier County School Board. The Health Coverage Plan is administered by the Fauquier County School Board and the School Board determines the number 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

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS PROGRAM (CONTINUED)

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.

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

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS PROGRAM (CONTINUED)

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.
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 <p>Accelerated death benefit option</p>
Reduction in Benefit Amounts	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.
Minimum Benefit Amount and Cost of Living Adjustment (COLA)	For covered members with at least 30 years of service credit, there is a minimum benefit payable under the VRS GLI Program. The minimum benefit was set at \$8,000 by statute. This amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and was increased to \$8,984 effective June 30, 2023.

Detailed information about the VRS GLI Program's Fiduciary Net Position is available in the separately issued VRS 2022 Annual Financial Report (AFR). A copy of the 2022 VRS AFR may be downloaded from the VRS website at varetire.org/pdf/publications/2022-annual-report.pdf or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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

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

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS PROGRAM (CONTINUED)

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	The VRS Teachers HIC Program was established July 1, 1993 for retired Teacher Employees covered under VRS who retire with at least 15 years of service credit. Eligible employees are enrolled automatically upon employment. They include: <ul style="list-style-type: none">• Full-time permanent (professional) salaried employees of public school divisions covered under VRS.
Benefit Amounts	The VRS Teachers HIC Program provides the following benefits for eligible employees: <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 2022 Annual Financial Report (AFR). A copy of the 2022 VRS AFR may be downloaded from the VRS website at varetire.org/pdf/publications/2022-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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

All full-time, salaried permanent (non-professional) employees of Fauquier County Public Schools are automatically covered by the VRS NP 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, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

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

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS PROGRAM (CONTINUED)

About the VRS Non-Professional HIC Program	
Eligible Employees	<p>The VRS NP HIC Program was established July 1, 1993 for retired Non-Professional Employees covered under VRS who retire with at least 15 years of service credit. The School Board established its plan on July 1, 2020.</p> <p>Eligible employees are enrolled automatically upon employment. They include:</p> <ul style="list-style-type: none">• Full-time permanent (non-professional) salaried employees of Fauquier County Public School divisions covered under VRS.
Benefit Amounts	<p>The VRS NP HIC Program provides the following benefits for eligible employees:</p> <ul style="list-style-type: none">• At Retirement – For NP school employees who retire with at least 15 years of service credit, the monthly benefit is \$1.50 per year of service per month with a maximum benefit of \$45.00.• Disability Retirement – For NP school employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is \$45.00 per month.
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.• No Health Insurance Credit for premiums paid and qualified under LODA; however, the employee may receive the credit premiums paid for other qualified health plans.

Detailed information about the Non-Professional HIC Program's Fiduciary Net Position is available in the separately issued VRS 2022 Annual Financial Report (AFR). A copy of the 2022 VRS AFR may be downloaded from the VRS website at varetire.org/pdf/publications/2022-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

B. Summary of significant accounting policies

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

C. Actuarial assumptions

Continuation, credit, and health coverage plans: The net OPEB liability for the Continuation, Credit, and Health Coverage Plans was measured as of June 30, 2022 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed on June 30, 2022, using the Entry Age Normal Level % of Salary method. The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2021–June 30, 2022.

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS PROGRAM (CONTINUED)

The following assumptions, as applied to all periods included at the measurement date of June 30, 2023 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	4.13%	7.50%	6.75%
Health care cost trend rates	7.50%, decreasing to an ultimate rate of 4.50%	7.50%, decreasing to an ultimate rate of 4.50%	7.50%, decreasing to an ultimate rate of 4.50%

Mortality rates for participants were based on the following:

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

VRS GLI, teachers' HIC and NP HIC programs: The total OPEB liability used to calculate the net OPEB liability was based on by an actuarial valuation performed on June 30, 2021, 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, 2022.

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

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS PROGRAM (CONTINUED)

Mortality rates:**General state employees**

Pre-Retirement: Pub-2010 Amount Weighted General Employee Rates projected generationally; females set forward 2 years

Post-Retirement: Pub-2010 Amount Weighted General Healthy Retiree Rates projected generationally; 110% of rates for females

Post-Disablement: Pub-2010 Amount Weighted General Disabled Rates projected generationally; males and females set forward 3 years

Beneficiaries and Survivors: Pub-2010 Amount Weighted General Contingent Annuitant Rates projected generationally; 110% of rates for males and females

Mortality Improvement Scale: Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

Teachers

Pre-Retirement: Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males

Post Retirement: Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females

Post-Disablement: Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females

Beneficiaries and Survivors: Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement Scale: Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

SPORS employees

Pre-Retirement: Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement: Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years Beneficiaries and

Survivors: Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS PROGRAM (CONTINUED)

Mortality Improvement Scale: Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

ValORS employees

Pre-Retirement: Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement: Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors: Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement Scale: Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

JRS employees

Pre-Retirement: Pub-2010 Amount Weighted General Employee Rates projected generationally; females set forward 2 years

Pub-2010 Amount Weighted General Healthy Retiree Rates projected generationally; 95% of rates for males and females set back 2 years

Post-Disablement: Pub-2010 Amount Weighted General Disabled Rates projected generationally

Beneficiaries and Survivors: Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale: Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

General employees**Largest 10 Locality Employers**

Pre-Retirement: Pub-2010 Amount Weighted Safety Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years

Post-Retirement: Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year

Post-Disablement: Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years

Beneficiaries and Survivors: Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale: Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS PROGRAM (CONTINUED)

Non-Largest 10 Locality Employers

Pre-Retirement: Pub-2010 Amount Weighted Safety Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years

Post-Retirement: Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year

Post-Disablement: Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years

Beneficiaries and Survivors: Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale: Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

Hazardous duty employees**Largest 10 Locality Employers**

Pre-Retirement: Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement: Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement: Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors: Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement Scale: Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

Non-Largest 10 Locality Employers

Pre-Retirement: Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement: Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement: Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors: Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement Scale: Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS PROGRAM (CONTINUED)

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

General state employees

Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020; Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all; adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service

Teachers

Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020; Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all; adjusted withdrawal rates to better fit experience at each age and service decrement through 9 years of service

SPORS employees

Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020; Increased retirement rates for ages 55 to 61, 63, and 64 with 26 or more years of service; changed final retirement age from 65 to 70; Decreased withdrawal rate for 0 years of service and increased rates for 1 to 6 years of service

ValORS employees

Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020; Increased retirement rates at some younger ages, decreased at age 62, and changed final retirement age from 65 to 70; Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service

JRS employees

Review separately from State employees because exhibit fewer deaths. Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020; Decreased retirement rates for ages 60-66 and 70-72; Reduce salary scale increase across all ages by 0.50%

General employees**Largest 10 Locality Employers**

Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020; Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all; Adjusted withdrawal rates to better fit experience at each age and service decrement through 9 years of service

Non-Largest 10 Locality Employers

Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020; Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all; Adjusted withdrawal rates to better fit experience at each age and service decrement through 9 years of service

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS PROGRAM (CONTINUED)

Hazardous duty employeesLargest 10 Locality Employers

Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP2020; Adjusted retirement rates to better fit experience and changed final retirement age from 65 to 70; Decreased withdrawal rates

Non-Largest 10 Locality Employers

Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP2020; Adjusted retirement rates to better fit experience and changed final retirement age from 65 to 70; Decreased withdrawal rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty

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 Arithmetic Average Nominal Return ¹	Long Term Arithmetic Average Real Return ²	Long Term
				Arithmetic Average Weighted Average Real Return
Core Bonds	5%	5.33%	3%	0.13%
Core Plus	11%	5.63%	3%	0.32%
Liquid Absolute Return	4%	6.00%	3%	0.13%
U.S. Large Cap Equity	21%	9.88%	7%	1.50%
U.S. Small Cap Equity	10%	11.28%	9%	0.85%
International Developed Equity	13%	10.74%	8%	1.04%
Emerging Market Equity	5%	11.98%	9%	0.46%
Long/Short Equity	6%	8.43%	6%	0.34%
Private Equity	10%	13.22%	10%	1.05%
Core Real Estate	10%	9.35%	7%	0.66%
Opportunistic Real Estate	5%	12.35%	10%	0.48%
	100%			6.96%
		Inflation		2.75%
		Expected arithmetic nominal return		9.71%

1) Long-Term Arithmetic Average Nominal Return is the average return assumption for any given year derived from long-term risk premiums and a long-term average risk-free rate.

2) Long-Term Arithmetic Average Real Return is the Long-Term Arithmetic Average Nominal Return minus an average annual inflation rate of 2.75%.

The money-weighted rate of return on OPEB plan investments for the fiscal year ending June 30, 2023 was 4.64%. A money weighted rate of return expresses investment performance, net of OPEB plan investment expense, adjusted for the changing amounts invested.

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS PROGRAM (CONTINUED)

VRS, GLI, teachers' HIC and the new VRS NP HIC: The long-term expected rate of return for the VRS, GLI, teachers HIC, and VRS NP 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 12 Virginia Retirement System Pension Plan for further information.

E. Discount rate

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

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

	Bond Buyer Go 20-Bond Municipal Index	S&P Municipal 20 Year High Grade Rate Index	Fidelity 20-Year Go Municipal Bond Index	Bond Index Range	Actual Discount Rate Used
Continuation Plan					
Yield as of July 1, 2022	3.54%	4.09%	3.69%	3.54%-4.09%	4.09%
Yield as of June 30, 2023	3.65%	4.13%	3.86%	3.65%-4.13%	4.09%
Credit Plan					
Yield as of July 1, 2022	2.16%	2.19%	1.94%	1.94%-2.19%	7.50%
Yield as of June 30, 2023	2.16%	2.19%	1.94%	1.94%-2.19%	7.50%
Health Coverage Plan					
Yield as of July 1, 2022	3.54%	4.09%	3.69%	3.54%-4.09%	4.09%
Yield as of June 30, 2023	3.67%	4.13%	3.86%	3.65%-4.13%	4.09%

VRS, GLI, teachers' HIC, and VRS NP 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, 2022, 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, 2022 on, participating employers and School Boards are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI and HIC OPEB's fiduciary net positions were projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine total GLI and HIC liabilities.

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS PROGRAM (CONTINUED)

F. Employees covered by the benefit

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

	Continuation Plan	Credit Plan	Health Coverage Plan
Retiree's currently receiving benefit payments	28	48	1
Active employees	2,522	739	-
Total	2,550	787	1

G. Contributions

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

Because the nature of the Continuation Plan creates an implicit rate subsidy, the County Board of Supervisors and School Board have adopted a pay-as-you-go funding methodology and therefore, did not make any contributions to the Trust Fund for the Contribution Plan. Beginning in fiscal year 2018, assets that have been previously accumulated in the Trust Fund for the implicit rate subsidy are being used toward the OPEB liability 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, 2022. 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 \$114,676 in fiscal year 2023 and \$107,632 in fiscal year 2022.

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, 2022. 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 to the ADC in the amount of \$990 in fiscal year 2023 and \$41,795 in fiscal year 2022.

VRS GLI program: The contribution requirements for the VRS GLI Program are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% X 60%) and the employer component was 0.54% (1.34% X 40%). Employers may elect to pay all or part of the employee contribution, however the employer must pay all the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2023 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability.

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS PROGRAM (CONTINUED)

Fauquier County contributed \$270,280 and \$240,350 to the VRS GLI Program for the years ended June 30, 2023 and June 30, 2022, respectively. For the year ending June 30, 2022, Fauquier County School Board contributed \$427,493 for the teachers and \$45,916 for the non-professional employees to the VRS GLI program. For the year ending June 30, 2023, Fauquier County School Board contributed \$469,674 for the teachers and \$52,968 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, 2022 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee HIC Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. 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 \$1,049,743 and \$953,970 to the VRS Teachers HIC Program for the years ended June 30, 2023 and June 30, 2022, respectively.

VRS NP 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, 2022 was 0.90% (includes .54% basic and .36% enhanced) 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, 2021. The actuarially determined rate was expected to finance the costs of benefits earned by non-professional employees during the year, with an additional amount to finance any unfunded accrued liability. Fauquier County Non-Professional Schools contributed \$52,637 to the VRS NP HIC Program for the year ended June 30, 2023.

H. Changes in the net OPEB liability - credit and continuation plans, and VRS NP HIC plan

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

	Schedule of Changes in the Net OPEB Liability					
	Primary Government					
	Continuation Plan			Credit Plan		
	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
Balances at June 30, 2022	\$ 2,602,387	\$ -	\$ 2,602,387	\$ 2,166,833	\$ 1,568,321	\$ 598,512
Changes for the Year						
Service cost	164,124	-	164,124	70,314	-	70,314
Interest	110,661	-	110,661	165,192	-	165,192
Changes in assumptions	(9,879)	-	(9,879)	-	-	-
Difference between expected and actual experience	(197,576)	-	(197,576)	15,301	-	15,301
Contributions- employer	-	122,982	(122,982)	-	185,125	(185,125)
Contributions- employee	-	-	-	-	-	-
Net investment income	-	-	-	-	119,914	(119,914)
Benefit payments, including refunds of employee	(122,982)	(122,982)	-	(70,449)	(70,449)	-
Administrative expense	-	-	-	-	(2,117)	2,117
Other changes	-	-	-	-	-	-
Net changes	(55,652)	-	(55,652)	180,358	232,473	(52,115)
Balances at June 30, 2023	\$ 2,546,735	\$ -	\$ 2,546,735	\$ 2,347,191	\$ 1,800,794	\$ 546,397

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS PROGRAM (CONTINUED)

Schedule of Changes in the Net OPEB Liability School Board									
	Continuation Plan			Credit Plan			Health Coverage Plan		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability / (Asset)
Balances at June 30, 2022	\$ 3,726,348	\$ -	\$ 3,726,348	\$ 3,486,852	\$ -	\$ 3,486,852	\$ 138,125	\$ 151,252	\$ (13,127)
Changes for the Year									
Service cost	300,562	-	300,562	121,235	-	121,235	7,722	-	7,722
Interest	160,668	-	160,668	270,068	-	270,068	10,939	-	10,939
Changes in assumptions	(7,282)	-	(7,282)	-	-	-	-	-	-
Difference between expected and actual experience	(328,979)	-	(328,979)	(44,907)	-	(44,907)	(10,940)	-	(10,940)
Contributions - employer	-	199,191	(199,191)	-	358,620	(358,620)	-	990	(990)
Contributions - employee	-	-	-	-	-	-	-	-	-
Net investment income	-	-	-	-	1,227	(1,227)	-	11,511	(11,511)
Benefit payments, including refunds of employee	(199,191)	(199,191)	-	(14,630)	(14,630)	-	-	-	-
Administrative expense	-	-	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	-	-	(686)	686
Net changes	(74,222)	-	(74,222)	331,766	345,217	(13,451)	7,721	11,815	(4,094)
Balances at June 30, 2023	\$ 3,652,126	\$ -	\$ 3,652,126	\$ 3,818,618	\$ 345,217	\$ 3,473,401	\$ 145,846	\$ 163,067	\$ (17,221)
VRS NP HIC Program									
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability						
Balances at June 30, 2021	\$ 475,621	\$ 44,166	\$ 431,455						
Changes for the Year									
Service Cost	9,971	-	9,971						
Interest	32,118	-	32,118						
Changes in assumptions	93,899	-	93,899						
Change in Benefit Terms	260,895	-	260,895						
Difference between expected and actual experience	(65,262)	-	(65,262)						
Contributions - employer	-	71,848	(71,848)						
Contributions - employee	-	-	-						
Net investment income	-	(1,365)	1,365						
Benefit payments, including refunds of employee									
contributions	(19,535)	(19,535)	-						
Administrative expense	-	(180)	180						
Other changes	-	266	(266)						
Net changes	312,086	51,034	261,052						
Balances at June 30, 2022	\$ 787,707	\$ 95,200	\$ 692,507						

I. Net OPEB liability – VRS, GLI, teachers HIC, and VRS NP HIC programs

The net OPEB liability for the VRS, GLI, teachers HIC, and VRS NP HIC programs represent the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2022, net OPEB liability amounts for the programs are as follows (amounts expressed in thousands):

	VRS GLI Program	VRS Teachers HIC Program
Total OPEB Liability	\$ 3,672,085	\$ 1,470,891
Plan Fiduciary Net Position	2,467,989	221,845
Net GLI OPEB Liability	\$ 1,204,096	\$ 1,249,046
Plan Fiduciary Net Position as a percentage of Total OPEB Liability	67.21%	15.08%

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS PROGRAM (CONTINUED)

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, teachers HIC, and VRS NP HIC programs at June 30, 2023:

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
VRS GLI Program			
Fauquier County proportionate share (.20409%) of the collective OPEB liability, fiduciary net position, and net OPEB liability	\$ 7,513,821	\$ 5,049,999	\$ 2,463,822
Fauquier County School Board (non-professional) proportionate share (.03909%) of the collective OPEB liability, fiduciary net position, and net OPEB liability	1,435,418	964,737	470,681
Fauquier County School Board (teachers) proportionate share (.36394%) of the collective OPEB liability, fiduciary net position, and net OPEB liability	13,364,187	8,981,999	4,382,188
VRS Teachers Retirement HIC Program			
Fauquier County School Board (teachers) proportionate share (.84591%) of the collective OPEB liability, fiduciary net position, and net OPEB liability	\$ 671,171	\$ (9,894,638)	\$ 10,565,809

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.

	Credit Plan			Continuation Plan		
	1% Decrease 6.50%	Current Rate 7.50%	1% Increase 8.50%	1% Decrease 3.13%	Current Rate 4.13%	1% Increase 5.13%
Primary Government						
Sensitivity of the Net OPEB Liability to changes in Discount Rate	\$ 866,413	\$ 546,397	\$ 276,560	\$ 2,804,585	\$ 2,546,735	\$ 2,311,581
Sensitivity of the Net OPEB Liability to changes in Health Care Trend Rate				\$ 2,195,770	\$ 2,546,735	\$ 2,972,278

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS PROGRAM (CONTINUED)

	Credit Plan			Continuation Plan			Health Coverage Plan		
	1% Decrease 6.50%	Current Rate 7.50%	1% Increase 8.50%	1% Decrease 3.13%	Current Rate 4.13%	1% Increase 5.13%	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	\$ 3,892,685	\$ 3,473,401	\$ 3,109,524	\$ 3,834,098	\$ 3,652,126	\$ 3,471,095	\$ (12,060)	\$ (17,221)	\$ (22,146)
				1% Decrease 3.50%	Current Rate 4.50%	1% Increase 5.50%	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				\$ 3,264,330	\$ 3,652,126	\$ 4,099,038	\$ (23,423)	\$ (17,221)	\$ (10,766)
				VRS GLI Program					
				1% Decrease 5.75%	Current Rate 6.75%	1% Increase 7.75%			
Primary Government									
Sensitivity of the Net OPEB Liability to changes in Discount Rate	\$ 3,585,150	\$ 2,463,822	\$ 1,557,636						
				VRS GLI Program			VRS NP HIC Program		
School Board				1% Decrease 5.75%	Current Rate 6.75%	1% Increase 7.75%	1% Decrease 5.75%	Current Rate 6.75%	1% Increase 7.75%
Non Professional									
Sensitivity of the Net OPEB Liability to changes in Discount Rate	\$ 684,896	\$ 470,681	\$ 297,566	\$ 779,534	\$ 692,507	\$ 618,791			
				VRS GLI Program			VRS Teachers HIC Program		
				1% Decrease 5.75%	Current Rate 6.75%	1% Increase 7.75%	1% Decrease 5.75%	Current Rate 6.75%	1% Increase 7.75%
Teachers									
Sensitivity of the Net OPEB Liability to changes in Discount Rate	\$ 6,376,597	\$ 4,382,188	\$ 2,770,433	\$ 11,907,789	\$ 10,565,809	\$ 9,428,248			

K. OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB

For the year ended June 30, 2023, the County recognized OPEB expense as follows:

	Continuation Plan	Credit Plan	Health Coverage Plan	VRS GLI Program			VRS HIC Program		Total
				General employees	Non- professional	Teachers	Non- professional	Teachers	
Primary Government	\$ 113,419	\$ 23,175	\$ -	\$ 131,543	\$ -	\$ -	\$ -	\$ -	\$ 268,137
School Board	(62,828)	372,850	11,552	-	14,471	47,855	306,389	671,171	1,361,460
	<u>\$ 50,591</u>	<u>\$ 396,025</u>	<u>\$ 11,552</u>	<u>\$ 131,543</u>	<u>\$ 14,471</u>	<u>\$ 47,855</u>	<u>\$ 306,389</u>	<u>\$ 671,171</u>	<u>\$ 1,629,597</u>

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS PROGRAM (CONTINUED)

At June 30, 2023, 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	\$ 439,177	\$ (440,376)	\$ 218,665	\$ (1,170,768)		
Changes in assumptions	374,772	(1,085,075)	275,227	(753,227)		
Total	\$ 813,949	\$ (1,525,451)	\$ 493,892	\$ (1,923,995)		
Credit Plan						
Differences between expected and actual experience	\$ 16,304	\$ (455,108)	\$ -	\$ (92,287)		
Changes in assumptions	14,833	(144,177)	-	-		
Net difference between projected and actual earnings on OPEB plan investments	26,095	-	9,151	-		
Total	\$ 57,232	\$ (599,285)	\$ 9,151	\$ (92,287)		
Health Coverage Plan						
Differences between expected and actual experience			\$ -	\$ (5,470)		
Changes in assumptions			-	-		
Net difference between projected and actual earnings on OPEB plan investments			7,864	-		
Total			\$ 7,864	\$ (5,470)		
	Primary Government		School Board			
	Deferred Outflows of Resources	Deferred Inflows of Resources	Non- Professional		Teachers	
			Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
VRS GLI Program						
Differences between expected and actual experience	\$ 195,104	\$ (98,843)	\$ 37,272	\$ (18,883)	\$ 347,014	\$ (175,803)
Changes in assumptions	91,897	(239,986)	17,556	(45,846)	163,449	(426,843)
Net difference between projected and actual earnings on OPEB plan investments	-	(153,953)	-	(29,411)	-	(273,822)
Proportionate share impact	108,962	(1,290)	25,381	(31,838)	9,097	(280,435)
Contributions subsequent to the measurement date	270,280	-	52,968	-	469,674	-
Total	\$ 666,243	\$ (494,072)	\$ 133,177	\$ (125,978)	\$ 989,234	\$ (1,156,903)

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS PROGRAM (CONTINUED)

	School Board			
	Non- Professional		Teachers	
	Deferred	Deferred	Deferred	Deferred
	Outflows of Resources	Inflows of Resources	Outflows of Resources	Inflows of Resources
VRS Teachers HIC Program				
Differences between expected and actual experience	\$ -	\$ (53,608)	\$ -	\$ (430,679)
Changes in assumptions	87,123	-	308,681	(26,982)
Net difference between projected and actual earnings on OPEB plan investments	2,521	-	-	(10,605)
Proportionate share impact	-	-	-	(700,978)
Contributions subsequent to the measurement date	52,637	-	1,049,743	-
Total	<u>\$ 142,281</u>	<u>\$ (53,608)</u>	<u>\$ 1,358,424</u>	<u>\$ (1,169,244)</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, 2024.

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>			
2024	\$ (161,366)	\$ (96,449)	\$ 7,575
2025	(161,363)	(102,544)	(2,995)
2026	(66,722)	(48,427)	(109,781)
2027	(55,175)	(90,677)	24,277
2028	(49,309)	(91,041)	(17,185)
Thereafter	(217,567)	(112,915)	-

<u>Year ended June 30:</u>	<u>Continuation Plan</u>	<u>Credit Plan</u>	<u>Health Coverage Plan</u>	<u>VRS GLI Program</u>		<u>VRS HIC Program</u>	
				<u>Non-professional</u>	<u>Teachers</u>	<u>Non-professional</u>	<u>Teachers</u>
<u>School Board</u>							
2024	\$ (524,057)	\$ (5,787)	\$ (3,408)	\$ (10,295)	\$ (160,990)	\$ 8,240	\$ (205,474)
2025	(309,374)	(5,787)	1,522	(9,438)	(132,492)	8,240	(188,555)
2026	(276,103)	(5,787)	4,312	(26,848)	(272,418)	8,240	(150,691)
2027	(107,245)	(5,788)	(32)	1,274	(17,440)	8,249	(97,134)
2028	(213,324)	(8,075)	-	(462)	(54,003)	3,067	(128,162)
Thereafter	-	(51,912)	-	-	-	-	(90,547)

NOTE 14 – FUND BALANCES

The following is a summary of fund balances as of June 30, 2023:

Primary government	General Fund	Capital Projects Fund	Debt Service Fund	Fire and Rescue Fund	American Rescue Plan Fund	Other Governmental Funds	Total Governmental Funds
Fund balances:							
Nonspendable:							
Leases	\$ 8,030	\$ -	\$ -	\$ 6,232	\$ -	\$ -	\$ 14,262
Total nonspendable	8,030	-	-	6,232	-	-	14,262
Restricted:							
Public safety	-	-	-	-	319,419	896,844	1,216,263
Public works	-	-	-	-	-	350,714	350,714
Health and welfare	-	-	-	-	-	419,660	419,660
Parks, recreation, and cultural	-	-	-	-	-	494,577	494,577
Community development	-	-	-	-	-	356,385	356,385
Proffers	-	-	-	-	-	5,236,898	5,236,898
Grants	1,932,519	-	-	-	-	-	1,932,519
Capital projects	-	4,532,683	-	-	-	-	4,532,683
Other purposes	-	-	-	-	-	215,140	215,140
Total restricted	1,932,519	4,532,683	-	-	319,419	7,970,218	14,754,839
Committed:							
General government	1,854,855	-	-	-	-	-	1,854,855
Public safety	403,000	-	-	1,120,418	-	1,346,324	2,869,742
Public works	474,476	-	-	-	-	3,287,601	3,762,077
Health and welfare	85,000	-	-	-	-	-	85,000
Budgeted use of fund balance	525,046	-	-	-	-	-	525,046
Capital projects	-	37,793,528	-	-	-	-	37,793,528
Total committed	3,342,377	37,793,528	-	1,120,418	-	4,633,925	46,890,248
Assigned:							
General government administration	10,997,324	-	-	-	-	-	10,997,324
Public safety	29,232	-	-	-	-	-	29,232
Public works	14,710	-	-	-	-	-	14,710
Health and welfare	6,000,000	-	-	-	-	-	6,000,000
Parks, recreation, and cultural	106,750	-	-	-	-	-	106,750
Other purposes	-	-	2,700,119	-	-	-	2,700,119
Total assigned	17,148,016	-	2,700,119	-	-	-	19,848,135
Unassigned:	37,127,188	-	-	-	-	-	37,127,188
Total	\$ 59,558,130	\$ 42,326,211	\$ 2,700,119	\$ 1,126,650	\$ 319,419	\$ 12,604,143	\$ 118,634,672
Component unit – School Board	School General Fund	School Asset Replacement Fund	School Grant Fund	School Textbook Fund	School Nutrition Fund	School Activity Fund	Total Component Unit School Board
Fund Balances:							
Nonspendable:							
Inventories	\$ -	\$ -	\$ -	\$ -	\$ 169,085	\$ -	\$ 169,085
Assigned:							
Other purposes	152,494	6,488,456	341,647	1,880,378	2,461,512	1,935,526	13,260,013
Total	\$ 152,494	\$ 6,488,456	\$ 341,647	\$ 1,880,378	\$ 2,630,597	\$ 1,935,526	\$ 13,429,098

NOTE 15 – 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

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

D. Health and dental benefit program

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

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

NOTE 15 – RISK MANAGEMENT (CONTINUED)

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

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

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

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

	2022	2023
Unpaid claims, beginning of fiscal year	\$ 2,984,533	\$ 3,123,983
Incurred claims, (including IBNR)	27,483,287	31,314,018
Claim payments	<u>(27,343,837)</u>	<u>(31,211,706)</u>
Unpaid claims, end of fiscal year	\$ <u>3,123,983</u>	\$ <u>3,226,295</u>

NOTE 16– 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 City of 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 17.47% of the regional jail's operating expenses, including debt service, totaling \$2,858,022 in fiscal year 2023.

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

Fauquier County Water and Sanitation Authority

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

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

NOTE 16 – RELATED ORGANIZATIONS AND JOINTLY GOVERNED ORGANIZATIONS (CONTINUED)

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 2023, Fauquier County contributed a total of \$190,259.

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 2023, Fauquier County contributed a total of \$332,681.

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 2023, the Fauquier County School Board contributed a total of \$397,665, with \$794,944 contributed from the other participating counties.

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

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

NOTE 16 – RELATED ORGANIZATIONS AND JOINTLY GOVERNED ORGANIZATIONS (CONTINUED)

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 17 – 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
Jeremy Falls, Sheriff	30,000
Above constitutional officers' employees – blanket bond	500,000

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

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

All School employees including Clerk of the School Board	\$ 500,000
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NOTE 18 – CLAIMS AND LITIGATION

The County, in connection with the normal conduct of its affairs, is involved in various claims, judgments, and litigation. There is one pending claim that could potentially have a material effect on the County financial statements against Fauquier County Government and/or the Constitutional Officers of Fauquier County during Fiscal Year 2023. The matter is a case filed in the Fauquier County Circuit Court against the Fauquier County Board of Supervisors and Fauquier County Broadband Authority related to a contract dispute with Data Stream Technologies, Inc. (Data Stream) in which tort allegations were also made. The amount claimed in the contract issue is approximately \$750,000 and a claim for \$25 million was made in tort. The County and Broadband Authority both retained outside counsel to pursue counterclaims against Data Stream and had counsel appointed by VACorp to vigorously defend the disputed tort and contract claims. Subsequent to the end of the fiscal year this litigation has been settled, refer to Note 19 for additional information.

NOTE 19 – SUBSEQUENT EVENTS

In October 2023, bond proceeds of \$1,970,981 were received from the Virginia Public School Authority bond, which was issued by the County in October 2021. The bond proceeds were received in reimbursement of costs the County incurred for the Cedar Lee Middle School Renovation. The amount of the bond proceeds is considered outstanding to the end of the fiscal year.

On November 9, 2023, a settlement was reached between the parties involved in the litigation noted in Note 18 that requires the performance of various terms and conditions that are anticipated to be completed on or before December 31, 2023; with dismissal of the matters occurring shortly thereafter.

REQUIRED SUPPLEMENTARY INFORMATION

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, 2023

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, 2023	\$ 5,476,106	\$ 5,476,106	\$ -	\$ 49,880,023	10.37%
June 30, 2022	4,348,043	4,348,043	-	44,389,906	9.80%
June 30, 2021	4,134,958	4,134,958	-	41,992,386	9.85%
June 30, 2020	3,522,727	3,522,727	-	41,986,707	8.39%
June 30, 2019	3,382,113	3,382,113	-	39,528,477	8.56%
June 30, 2018	3,023,056	3,023,056	-	36,454,515	8.29%
June 30, 2017	2,834,313	2,834,313	-	34,194,157	8.29%
June 30, 2016	3,337,679	3,337,679	-	33,188,587	10.06%
June 30, 2015*	3,199,599	3,199,599	-	31,789,387	10.06%

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, 2023	\$ 270,280	\$ 270,280	\$ -	\$ 50,051,912	0.54%
June 30, 2022	240,350	240,350	-	44,509,270	0.54%
June 30, 2021	227,537	227,537	-	42,136,454	0.54%
June 30, 2020	216,120	216,120	-	41,561,614	0.52%
June 30, 2019	205,987	205,987	-	39,612,916	0.52%
June 30, 2018	190,027	190,027	-	36,543,557	0.52%
June 30, 2017	178,438	178,438	-	34,315,054	0.52%
June 30, 2016	159,225	159,225	-	33,171,876	0.48%
June 30, 2015	153,056	153,056	-	31,886,605	0.48%
June 30, 2014	146,870	146,870	-	30,597,915	0.48%

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, 2023	\$ 331,202	\$ 331,202	\$ -	\$ 9,747,612	3.40%
June 30, 2022	361,832	361,832	-	8,468,533	4.27%
June 30, 2021	330,784	330,784	-	7,662,372	4.32%
June 30, 2020	325,377	325,377	-	8,077,614	4.03%
June 30, 2019	334,943	334,943	-	7,932,127	4.22%
June 30, 2018	370,305	370,305	-	7,450,252	4.97%
June 30, 2017	369,812	369,812	-	7,425,942	4.98%
June 30, 2016	450,349	450,349	-	6,978,640	6.45%
June 30, 2015*	428,328	428,328	-	6,626,519	6.46%

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, 2023	\$ 13,781,376	\$ 13,781,376	\$ -	\$ 86,755,601	16.62%
June 30, 2022	12,605,268	12,605,268	-	78,840,487	15.99%
June 30, 2021	12,296,392	12,296,392	-	76,644,277	16.04%
June 30, 2020	11,960,052	11,960,052	-	78,772,804	15.18%
June 30, 2019	11,554,803	11,554,803	-	75,619,472	15.28%
June 30, 2018	11,676,725	11,676,725	-	72,884,547	16.02%
June 30, 2017	10,507,620	10,507,620	-	72,875,794	14.42%
June 30, 2016	10,108,697	10,108,697	-	72,441,305	13.95%
June 30, 2015*	10,199,271	10,199,271	-	70,248,727	14.52%

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

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, 2023

School Board (continued):

Group Life Insurance Program

Non-Professional

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a % of Covered Employee Payroll
June 30, 2023	\$ 52,968	\$ 52,968	\$ -	\$ 9,808,834	0.54%
June 30, 2022	45,916	45,916	-	8,502,934	0.54%
June 30, 2021	42,108	42,108	-	7,797,838	0.54%
June 30, 2020	42,442	42,442	-	8,161,958	0.52%
June 30, 2019	41,600	41,600	-	8,000,043	0.52%
June 30, 2018	38,884	38,884	-	7,477,675	0.52%
June 30, 2017	38,836	38,836	-	7,468,390	0.52%
June 30, 2016	34,034	34,034	-	7,090,446	0.48%
June 30, 2015	31,957	31,957	-	6,657,743	0.48%
June 30, 2014	33,725	33,725	-	7,026,010	0.48%

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, 2023	\$ 469,674	\$ 469,674	\$ -	\$ 86,976,629	0.54%
June 30, 2022	427,493	427,493	-	79,165,295	0.54%
June 30, 2021	415,988	415,988	-	77,034,820	0.54%
June 30, 2020	410,920	410,920	-	79,023,163	0.52%
June 30, 2019	393,231	393,231	-	75,621,380	0.52%
June 30, 2018	379,887	379,887	-	73,055,143	0.52%
June 30, 2017	380,267	380,267	-	73,128,237	0.52%
June 30, 2016	346,512	346,512	-	72,190,017	0.48%
June 30, 2015	338,777	338,777	-	70,578,532	0.48%
June 30, 2014	337,143	337,143	-	70,238,198	0.48%

Health Insurance Program

Non-Professional

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a % of Covered Employee Payroll
June 30, 2023	\$ 52,637	\$ 52,637	\$ -	\$ 9,747,612	0.54%
June 30, 2022	43,190	43,190	-	8,468,533	0.51%
June 30, 2021*	39,078	39,078	-	7,662,372	0.51%

Teachers

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a % of Covered Employee Payroll
June 30, 2023	\$ 1,049,743	\$ 1,049,743	\$ -	\$ 86,755,601	1.21%
June 30, 2022	953,970	953,970	-	78,840,487	1.21%
June 30, 2021	927,396	927,396	-	76,644,277	1.21%
June 30, 2020	945,274	945,274	-	78,772,804	1.20%
June 30, 2019	906,889	906,889	-	75,574,076	1.20%
June 30, 2018	897,633	897,633	-	72,978,293	1.23%
June 30, 2017	809,357	809,357	-	72,915,076	1.11%
June 30, 2016	762,107	762,107	-	71,896,849	1.06%
June 30, 2015	745,602	745,602	-	70,339,798	1.06%
June 30, 2014	778,824	778,824	-	70,164,352	1.11%

*Schedule is intended to show information for 10 years. 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, 2023

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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, 2023	\$ -	\$ -	\$ -	\$ 51,431,836	0.00%
June 30, 2022	-	-	-	49,692,595	0.00%
June 30, 2021	-	-	-	42,362,379	0.00%
June 30, 2020	-	-	-	48,888,690	0.00%
June 30, 2019	-	-	-	42,074,311	0.00%
June 30, 2018	-	-	-	40,961,221	0.00%
June 30, 2017	96,604	-	96,604	39,576,059	0.00%
June 30, 2016	225,865	78,487	147,378	31,426,727	0.25%
June 30, 2015	277,095	277,095	-	32,415,086	0.85%
June 30, 2014	271,169	271,169	-	31,318,924	0.87%

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, 2023	\$ 114,676	\$ 185,125	\$ (70,449)	\$ 51,431,836	0.4%
June 30, 2022	107,632	107,632	-	49,692,595	0.2%
June 30, 2021	157,477	157,477	-	42,362,379	0.4%
June 30, 2020	152,361	152,361	-	48,888,690	0.3%
June 30, 2019	138,432	138,432	-	42,074,311	0.3%
June 30, 2018*	132,797	715,474	(582,677)	40,961,221	1.7%

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, 2023	\$ -	\$ -	\$ -	\$ 91,509,405	0.00%
June 30, 2022	-	-	-	88,414,884	0.00%
June 30, 2021	-	-	-	84,335,149	0.00%
June 30, 2020	-	-	-	89,642,029	0.00%
June 30, 2019	-	-	-	88,435,009	0.00%
June 30, 2018	-	-	-	81,301,110	0.00%
June 30, 2017	191,742	-	191,742	78,551,797	0.00%
June 30, 2016	448,359	155,804	292,555	62,384,399	0.25%
June 30, 2015	550,053	550,053	-	64,346,366	0.85%
June 30, 2014	538,290	538,290	-	62,170,402	0.87%

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, 2023	\$ 990	\$ 990	\$ -	\$ 208,333	0.50%
June 30, 2022	41,795	41,795	-	201,288	20.8%
June 30, 2021	33,836	33,836	-	180,274	18.8%
June 30, 2020	34,468	34,468	-	186,584	18.5%
June 30, 2019*	32,608	32,608	-	180,274	18.1%

*Schedule is intended to show information for 10 years. 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, 2023

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 actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Largest 10 - Non-Hazardous Duty:

Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020; Adjusted retirement rates to better fit experience for Plan 1: set separate rates based on experience for Plan 2/Hybrid; changed final retirement age. Adjusted rates to better fit experience at each year age and service through 9 years of service.

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

Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020; Adjusted retirement rates to better fit experience for Plan 1: set separate rates based on experience for Plan 2/Hybrid; changed final retirement age. Adjusted rates to better fit experience at each year age and service through 9 years of service.

Largest 10 - Hazardous Duty:

Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020; Adjusted retirement rates to better fit experience and changed final retirement age from 65 to 70. Decreased withdrawal rates.

All Others (Non 10 Largest) - Hazardous Duty:

Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020; Adjusted retirement rates to better fit experience and changed final retirement age from 65 to 70; Decreased withdrawal rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty.

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 actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020; Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; and changed final retirement age from 75 to 80 for all; Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service.

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, 2023

Group Life Insurance and Health Insurance Credit Programs

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 actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

General State Employees:

Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020; Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all; Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service.

Teachers:

Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020; Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all; Adjusted withdrawal rates to better fit experience at each age and service decrement through 9 years of service.

SPORS Employees:

Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020; Increased retirement rates for ages 55 to 61, 63, and 64 with 26 or more years of service; changed final retirement age from 65 to 70; Decreased withdrawal rate for 0 years of service and increased rates for 1 to 6 years of service.

VaLORS Employees:

Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020; Increased retirement rates at some younger ages, decreased at age 62, and changed final retirement age from 65 to 70; Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service.

JRS Employees:

Review separately from State employees because exhibit fewer deaths. Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020; Decreased retirement rates for ages 60-66 and 70-72; Reduce salary scale increase across all ages by 0.50%.

Largest Ten Locality Employers - General Employees:

Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020; Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all; Adjusted withdrawal rates to better fit experience at each age and service decrement through 9 years of service.

Non-Largest Ten Locality Employers - General Employees:

Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020; Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all; Adjusted withdrawal rates to better fit experience at each age and service decrement through 9 years of service.

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, 2023

Group Life Insurance and Health Insurance Credit Programs (continued)

Changes of assumptions (continued)

Largest Ten Locality Employers - Hazardous Duty Employees:

Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP2020; Adjusted retirement rates to better fit experience and changed final retirement age from 65 to 70; Decreased withdrawal rates

Fauquier County:

Continuation Plan - County

Changes of benefit terms

There have been no substantive plan provision changes to the benefit terms.

Changes of assumptions

The following assumptions were updated for the current valuation as of June 30, 2023:

The discount rate assumption has been updated based on the yield for 20-year tax-exempt general obligation municipal bonds as of June 30, 2023. The discount rate is 4.09% as of July 1, 2022 and 4.13% as of June 30, 2023.

The termination and retirement rate assumptions have been updated based on the VRS actuarial valuation as of June 30, 2022.

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 to the benefit terms.

Changes of assumptions

The following assumptions were updated for the current valuation as of June 30, 2023:

The Total OPEB Liability as of June 30, 2023 are based on an actuarial valuation date of July 1, 2022 projected to June 30, 2023, reflecting actual premiums and contributions. The Total OPEB Liability as of June 30, 2022 are based on an actuarial valuation date of July 1, 2022 with no adjustments to get to the June 30, 2022 measurement date.

Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020; Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all; Adjusted withdrawal rates to better fit experience at each age and service decrement through 9 years of service.

The termination and retirement rate assumptions have been updated based on the VRS actuarial valuation as of June 30, 2022.

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, 2023

Continuation Plan - Schools

Changes of benefit terms

There have been no substantive plan provision changes to the benefit terms.

Changes of assumptions

The following assumptions were updated for the current valuation as of June 30, 2023:

The discount rate assumption has been updated based on the yield for 20-year tax-exempt general obligation municipal bonds as of June 30, 2023. The discount rate is 4.09% as of June 30, 2022 and 4.13% as of June 30, 2023.

The Total OPEB Liability as of June 30, 2023 are based on an actuarial valuation date of July 1, 2022 projected to June 30, 2023, reflecting actual premiums and contributions. The Total OPEB Liability as of June 30, 2022 are based on an actuarial valuation date of July 1, 2022 with no adjustments to get to the June 30, 2022 measurement date.

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 to the benefit terms.

Changes of assumptions

The first valuation for the credit Plan as it was established during fiscal year 2023:

The Total OPEB Liability as of June 30, 2023 are based on an actuarial valuation date of July 1, 2022 projected to June 30, 2023, reflecting actual premiums and contributions. The Total OPEB Liability as of June 30, 2022 are based on an actuarial valuation date of July 1, 2022 with no adjustments to get to the June 30, 2022 measurement date.

Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020; Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all; Adjusted withdrawal rates to better fit experience at each age and service decrement through 9 years of service.

Health Coverage Plan - Schools

Changes of benefit terms

There have been no changes to the benefit terms.

Changes of assumptions

The following assumptions were updated for the current valuation as of June 30, 2023:

The Total OPEB Liability as of June 30, 2023 are based on an actuarial valuation date of July 1, 2022 projected to June 30, 2023, reflecting actual premiums and contributions. The Total OPEB Liability as of June 30, 2022 are based on an actuarial valuation date of July 1, 2022 with no adjustments to get to the June 30, 2022 measurement date.

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 16
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Schedule of Changes in Net Pension Liability (Asset)
and Related Ratios
Last Eight Fiscal Years
Fiscal Year Ended June 30, 2023

Primary Government:

	2014*	2015	2016	2017	2018
Total pension liability					
Service cost	\$ 3,665,747	\$ 3,813,094	\$ 3,885,984	\$ 3,978,825	\$ 4,150,641
Interest	6,300,846	6,765,656	7,184,529	7,609,870	8,118,250
Changes of assumptions	-	-	-	(662,813)	-
Differences between expected and actual experience	-	(1,032,433)	(1,139,622)	498,300	580,157
Benefit payments, including refunds of employee contributions	(3,159,348)	(3,493,529)	(3,631,336)	(4,077,843)	(4,245,375)
Net change in total pension liability	6,807,245	6,052,788	6,299,555	7,346,339	8,603,673
Total pension liability – beginning	91,591,756	98,399,001	104,451,789	110,751,344	118,097,683
Total pension liability – ending (a)	98,399,001	104,451,789	110,751,344	118,097,683	126,701,356
Plan fiduciary net position					
Contributions – employer	3,555,225	3,177,007	3,284,574	2,752,121	2,911,388
Contributions – employee	1,530,920	1,623,124	1,635,553	1,675,382	1,797,746
Net investment income	12,271,193	4,210,671	1,745,781	12,180,445	8,300,573
Benefit payments, including refunds of employee contributions	(3,159,349)	(3,493,529)	(3,631,336)	(4,077,843)	(4,245,375)
Administrative expense	(63,910)	(55,473)	(58,461)	(10,918)	(69,894)
Other	647	(895)	(727)	(68,588)	(7,473)
Net change in plan fiduciary net position	14,134,726	5,460,905	2,975,384	12,450,599	8,686,965
Plan fiduciary net position – beginning	76,694,287	90,829,013	96,289,918	99,265,302	111,715,901
Plan fiduciary net position – ending (b)	\$ 90,829,013	\$ 96,289,918	\$ 99,265,302	\$ 111,715,901	\$ 120,402,866
Net pension (asset) / liability – ending (a) - (b)	\$ 7,569,988	\$ 8,161,871	\$ 11,486,042	\$ 6,381,782	\$ 6,298,490
Plan fiduciary net position as a percentage of the total pension liability	92.3%	92.2%	89.6%	94.6%	95.0%
Covered payroll	\$ 30,748,986	\$ 31,789,387	\$ 33,188,587	\$ 34,194,157	\$ 36,454,515
Net pension (asset) / liability as a percentage of covered payroll	24.6%	25.7%	34.6%	18.7%	17.3%

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

Primary Government:				
2019	2020	2021	2022	
\$ 4,430,044	\$ 4,916,247	\$ 5,036,308	\$ 5,563,354	Total pension liability
8,715,293	9,259,856	9,897,408	11,201,272	Service cost
4,327,503	-	6,269,424	-	Interest
77,578	877,642	(1,196,210)	413,436	Changes of assumptions
(4,394,344)	(5,348,771)	(5,868,239)	(6,639,366)	Differences between expected and actual experience
13,156,074	9,704,974	14,138,691	10,538,696	Benefit payments, including refunds of employee contributions
				Net change in total pension liability
126,701,356	139,857,430	149,562,404	163,701,095	Total pension liability – beginning
139,857,430	149,562,404	163,701,095	174,239,791	Total pension liability – ending (a)
				Plan fiduciary net position
3,382,111	3,518,753	4,137,390	4,348,015	Contributions – employer
1,915,523	2,062,946	2,029,973	2,169,812	Contributions – employee
8,165,891	2,492,136	36,494,625	(231,914)	Net investment income
(4,394,344)	(5,348,771)	(5,868,239)	(6,639,366)	Benefit payments, including refunds of employee contributions
(77,623)	(82,757)	(88,127)	(104,232)	Administrative expense
(5,164)	(2,977)	3,463	3,954	Other
8,986,394	2,639,330	36,709,085	(453,731)	Net change in plan fiduciary net position
120,402,866	129,389,260	132,028,590	168,737,675	Plan fiduciary net position – beginning
\$ 129,389,260	\$ 132,028,590	\$ 168,737,675	\$ 168,283,944	Plan fiduciary net position – ending (b)
\$ 10,468,170	\$ 17,533,814	\$ (5,036,580)	\$ 5,955,847	Net pension (asset) / liability – ending (a) - (b)
92.5%	88.3%	103.1%	96.6%	Plan fiduciary net position as a percentage of the total pension liability
\$ 39,528,477	\$ 41,986,707	\$ 41,992,386	\$ 44,389,906	Covered payroll
26.5%	41.8%	-12.0%	13.4%	Net pension (asset) / liability as a percentage of covered payroll

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

Schedule of Changes in Net Pension Liability
and Related Ratios
Last Eight Fiscal Years
Fiscal Year Ended June 30, 2023

Component Unit - School Board - Non-professional:

	2014*	2015	2016	2017	2018
Total pension liability					
Service cost	\$ 790,454	\$ 779,639	\$ 723,642	\$ 745,093	\$ 727,239
Interest	1,314,303	1,397,986	1,485,311	1,568,963	1,628,956
Changes in assumptions	-	-	-	(242,307)	-
Differences between expected and actual experience	-	76,425	28,543	(111,788)	173,636
Benefit payments, including refunds of employee contributions	(821,036)	(997,534)	(1,015,580)	(1,069,340)	(1,136,517)
Net change in total pension liability	<u>1,283,721</u>	<u>1,256,516</u>	<u>1,221,916</u>	<u>890,621</u>	<u>1,393,314</u>
Total pension liability – beginning	<u>19,186,281</u>	<u>20,470,002</u>	<u>21,726,518</u>	<u>22,948,434</u>	<u>23,839,055</u>
Total pension liability – ending (a)	<u><u>20,470,002</u></u>	<u><u>21,726,518</u></u>	<u><u>22,948,434</u></u>	<u><u>23,839,055</u></u>	<u><u>25,232,369</u></u>
Plan fiduciary net position					
Contributions – employer	634,627	422,140	448,949	346,567	340,240
Contributions – employee	367,367	326,614	345,096	355,536	351,153
Net investment income	3,029,074	1,016,928	401,377	2,817,301	1,886,650
Benefit payments, including refunds of employee contributions	(821,036)	(997,534)	(1,015,580)	(1,069,340)	(1,136,517)
Administrative expense	(16,035)	(13,964)	(14,272)	(16,287)	(16,342)
Other	160	(215)	(170)	(2,508)	(1,681)
Net change in plan fiduciary net position	<u>3,194,157</u>	<u>753,969</u>	<u>165,400</u>	<u>2,431,269</u>	<u>1,423,503</u>
Plan fiduciary net position – beginning	<u>19,118,695</u>	<u>22,312,852</u>	<u>23,066,821</u>	<u>23,232,221</u>	<u>25,663,490</u>
Plan fiduciary net position – ending (b)	<u><u>\$ 22,312,852</u></u>	<u><u>\$ 23,066,821</u></u>	<u><u>\$ 23,232,221</u></u>	<u><u>\$ 25,663,490</u></u>	<u><u>\$ 27,086,993</u></u>
Net pension (asset) / liability – ending (a) - (b)	\$ (1,842,850)	\$ (1,340,303)	\$ (283,787)	\$ (1,824,435)	\$ (1,854,624)
Plan fiduciary net position as a percentage of the total pension liability	109.0%	106.2%	101.2%	107.7%	107.4%
Covered payroll	\$ 6,610,884	\$ 6,626,519	\$ 6,978,640	\$ 7,425,942	\$ 7,450,252
Net pension (asset) / liability as a percentage of covered payroll	-27.9%	-20.2%	-4.1%	-24.6%	-24.9%

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

Component Unit - School Board - Non-professional:				
2019	2020	2021	2022	
\$ 703,953	\$ 708,963	\$ 701,598	\$ 697,830	Total pension liability
1,722,409	1,791,476	1,881,376	2,026,231	Service cost
725,682	-	926,324	-	Interest
121,516	347,733	(443,583)	(690,927)	Changes in assumptions
(1,253,057)	(1,424,961)	(1,607,682)	(1,627,414)	Differences between expected and actual experience
2,020,503	1,423,211	1,458,033	405,720	Benefit payments, including refunds of employee contributions
				Net change in total pension liability
25,232,369	27,252,872	28,676,083	30,134,116	Total pension liability – beginning
<u>27,252,872</u>	<u>28,676,083</u>	<u>30,134,116</u>	<u>30,539,836</u>	Total pension liability – ending (a)
				Plan fiduciary net position
333,665	325,318	330,783	351,244	Contributions – employer
373,811	369,844	349,451	373,204	Contributions – employee
1,796,186	535,400	7,594,348	(31,447)	Net investment income
(1,253,057)	(1,424,961)	(1,607,682)	(1,627,414)	Benefit payments, including refunds of employee contributions
(17,904)	(18,584)	(19,277)	(21,722)	Administrative expense
(1,130)	(634)	713	794	Other
1,231,571	(213,617)	6,648,336	(955,341)	Net change in plan fiduciary net position
27,086,993	28,318,564	28,104,947	34,753,283	Plan fiduciary net position – beginning
<u>\$ 28,318,564</u>	<u>\$ 28,104,947</u>	<u>\$ 34,753,283</u>	<u>\$ 33,797,942</u>	Plan fiduciary net position – ending (b)
\$ (1,065,692)	\$ 571,136	\$ (4,619,167)	\$ (3,258,106)	Net pension (asset) / liability – ending (a) - (b)
103.9%	98.0%	115.3%	110.7%	Plan fiduciary net position as a percentage of the total pension liability
\$ 7,932,127	\$ 8,077,614	\$ 7,662,372	\$ 8,468,533	Covered payroll
-13.4%	7.1%	-60.3%	-38.5%	Net pension (asset) / liability as a percentage of covered payroll

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

Schedule of Changes in Net OPEB Liability
and Related Ratios
Last Seven Fiscal Years
Fiscal Year Ended June 30, 2023Primary Government:
Continuation Plan

	2017*	2018	2019	2020	2021	2022	2023
Total OPEB liability							
Service cost	\$ 224,155	\$ 127,610	\$ 120,931	\$ 132,455	\$ 157,886	\$ 243,556	\$ 164,124
Interest	80,071	80,443	88,806	79,615	68,513	82,591	110,661
Changes in assumptions	(477,330)	(68,613)	96,731	213,242	360,255	(1,258,714)	(9,879)
Differences between expected and actual experience	(348,615)	(35,324)	(290,442)	(88,012)	617,023	71,384	(197,576)
Benefit payments	(85,558)	(42,129)	(57,513)	(50,394)	(60,158)	(127,617)	122,982
Net change in total pension liability	<u>(607,277)</u>	<u>61,987</u>	<u>(41,487)</u>	<u>286,906</u>	<u>1,143,519</u>	<u>(988,800)</u>	<u>190,312</u>
Total OPEB liability – beginning	<u>2,747,539</u>	<u>2,140,262</u>	<u>2,202,249</u>	<u>2,202,249</u>	<u>2,447,668</u>	<u>3,591,187</u>	<u>2,602,387</u>
Total OPEB liability – ending (a)	<u><u>2,140,262</u></u>	<u><u>2,202,249</u></u>	<u><u>2,160,762</u></u>	<u><u>2,489,155</u></u>	<u><u>3,591,187</u></u>	<u><u>2,602,387</u></u>	<u><u>2,792,699</u></u>
Plan fiduciary net position							
Contributions – employer	-	(152,232)	57,513	50,394	60,158	127,617	122,982
Net investment income	125,779	-	-	-	-	-	-
Benefit payments	(1,174,592)	(42,129)	(57,513)	(50,394)	(60,158)	(127,617)	(122,982)
Administrative expenses	(1,655)	-	-	-	-	-	-
Net change in plan fiduciary net position	<u>(1,050,468)</u>	<u>(194,361)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position – beginning	<u>1,244,829</u>	<u>194,361</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position – ending (b)	<u><u>\$ 194,361</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Net OPEB (asset) / liability – ending (a) - (b)	<u>\$ 1,945,901</u>	<u>\$ 2,202,249</u>	<u>\$ 2,160,762</u>	<u>\$ 2,489,155</u>	<u>\$ 3,591,187</u>	<u>\$ 2,602,387</u>	<u>\$ 2,792,699</u>
Fiduciary net position as a percentage of the total OPEB liability	9.08%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered employee payroll	<u>\$ 39,576,059</u>	<u>\$ 40,961,221</u>	<u>\$ 42,074,311</u>	<u>\$ 48,888,690</u>	<u>\$ 42,362,379</u>	<u>\$ 49,692,595</u>	<u>\$ 51,431,836</u>
Net OPEB (asset) / liability as a percentage of covered employee payroll	4.9%	5.4%	5.1%	5.1%	8.5%	5.2%	5.0%

* 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 Six Fiscal Years
Fiscal Year Ended June 30, 2023

Exhibit 17
Page 2 of 6

Primary Government:
Credit Plan

	2018*	2019	2020	2021	2022	2023
Total OPEB liability						
Service cost	\$ 48,350	\$ 51,437	\$ 59,565	\$ 61,649	\$ 60,861	\$ 70,314
Interest	149,998	163,406	182,687	197,302	172,831	165,192
Changes in benefit terms	1,952,876	27,193	-	-	-	-
Changes in assumptions	-	-	-	(5,547)	(180,614)	-
Differences between expected and actual experience	5,008	42,249	(29,894)	(537,787)	(99,331)	15,301
Benefit payments	(2,545)	(53,743)	(16,226)	(23,056)	(59,836)	(70,449)
Net change in total pension liability	<u>2,153,687</u>	<u>230,542</u>	<u>196,132</u>	<u>(307,439)</u>	<u>(106,089)</u>	<u>180,358</u>
Total OPEB liability – beginning	<u>-</u>	<u>2,153,687</u>	<u>2,384,229</u>	<u>2,384,229</u>	<u>2,272,922</u>	<u>2,166,833</u>
Total OPEB liability – ending (a)	<u>2,153,687</u>	<u>2,384,229</u>	<u>2,580,361</u>	<u>2,076,790</u>	<u>2,166,833</u>	<u>2,347,191</u>
Plan fiduciary net position						
Contributions – employer	715,474	192,175	152,361	157,477	107,632	185,125
Net investment income	55,579	35,259	44,949	359,437	(88,721)	119,914
Benefit payments	(2,545)	(53,743)	(16,226)	(23,056)	(59,836)	(70,449)
Administrative expenses	(1,151)	(1,304)	(1,512)	(1,738)	(2,190)	(2,117)
Net change in plan fiduciary net position	<u>767,357</u>	<u>172,387</u>	<u>179,572</u>	<u>492,120</u>	<u>(43,115)</u>	<u>232,473</u>
Plan fiduciary net position – beginning	<u>-</u>	<u>767,357</u>	<u>939,744</u>	<u>939,744</u>	<u>1,611,436</u>	<u>1,568,321</u>
Plan fiduciary net position – ending (b)	<u>\$ 767,357</u>	<u>\$ 939,744</u>	<u>\$ 1,119,316</u>	<u>\$ 1,431,864</u>	<u>\$ 1,568,321</u>	<u>\$ 1,800,794</u>
Net OPEB (asset) / liability – ending (a) - (b)	<u>\$ 1,386,330</u>	<u>\$ 1,444,485</u>	<u>\$ 1,461,045</u>	<u>\$ 644,926</u>	<u>\$ 598,512</u>	<u>\$ 546,397</u>
Fiduciary net position as a percentage of the total OPEB liability	35.6%	39.4%	43.4%	68.9%	72.4%	76.7%
Covered employee payroll	<u>\$ 40,961,221</u>	<u>\$ 42,074,311</u>	<u>\$ 48,888,690</u>	<u>\$ 42,362,379</u>	<u>\$ 49,692,595</u>	<u>\$ 51,431,836</u>
Net OPEB (asset) / liability as a percentage of covered employee payroll	3.4%	3.4%	3.0%	1.5%	1.2%	1.1%

* 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 Seven Fiscal Years
Fiscal Year Ended June 30, 2023School Board:
Continuation Plan

	2017*	2018	2019	2020	2021	2022	2023
Total OPEB liability							
Service cost	\$ 444,910	\$ 338,678	\$ 329,960	\$ 300,491	\$ 344,149	\$ 450,012	\$ 300,562
Interest	158,926	160,918	174,942	120,609	99,448	105,827	160,668
Changes in assumptions	(947,418)	(87,092)	(332,143)	162,294	359,927	(667,482)	(7,282)
Differences between expected and actual experience	(691,941)	(179,110)	(1,033,734)	(149,150)	382,663	(433,523)	(328,979)
Benefit payments	(169,819)	(185,321)	(213,308)	(173,877)	(176,565)	(220,324)	(199,191)
Net change in total pension liability	(1,205,342)	48,073	(1,074,283)	260,367	1,009,622	(765,490)	(74,222)
Total OPEB liability – beginning	5,453,401	4,248,059	4,296,132	3,221,849	3,482,216	4,491,838	3,726,348
Total OPEB liability – ending (a)	4,248,059	4,296,132	3,221,849	3,482,216	4,491,838	3,726,348	3,652,126
Plan fiduciary net position							
Contributions – employer	-	(200,450)	213,308	173,877	176,565	220,324	199,191
Contributions – retired members	-	-	-	-	-	-	-
Net investment income	249,649	-	-	-	-	-	-
Benefit payments	(2,331,368)	(185,321)	(213,308)	(173,877)	(176,565)	(220,324)	(199,191)
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 (asset) / liability – ending (a) - (b)	\$ 3,862,288	\$ 4,296,132	\$ 3,221,849	\$ 3,482,216	\$ 4,491,838	\$ 3,726,348	\$ 3,652,126
Fiduciary net position as a percentage of the total OPEB liability	9.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Covered employee payroll	\$ 78,551,797	\$ 81,301,110	\$ 88,435,009	\$ 89,642,029	\$ 84,335,149	\$ 88,414,884	\$ 91,509,405
Net OPEB (asset) / liability as a percentage of covered employee payroll	4.9%	5.3%	3.6%	3.9%	5.3%	4.2%	4.0%

* 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 Two Fiscal Years
Fiscal Year Ended June 30, 2023

School Board:

Credit Plan

	2022*	2023
Total OPEB liability		
Service cost	\$ 121,235	\$ 121,235
Interest	247,461	270,068
Changes in benefit terms	-	-
Changes in assumptions	-	-
Differences between expected and actual experience	(60,076)	(44,907)
Benefit payments	-	(14,630)
Net change in total pension liability	308,620	331,766
Total OPEB liability – beginning	3,178,232	3,486,852
Total OPEB liability – ending (a)	3,486,852	3,818,618
Plan fiduciary net position		
Contributions – employer	-	358,620
Net investment income	-	1,227
Benefit payments	-	(14,630)
Administrative expenses	-	-
Net change in plan fiduciary net position	-	345,217
Plan fiduciary net position – beginning	-	-
Plan fiduciary net position – ending (b)	\$ -	\$ 345,217
Net OPEB (asset) / liability – ending (a) - (b)	\$ 3,486,852	\$ 3,473,401
Fiduciary net position as a percentage of the total OPEB liability	0.0%	9.0%
Covered employee payroll	\$ 88,414,884	\$ 91,509,405
Net OPEB (asset) / liability as a percentage of covered employee payroll	3.9%	3.8%

* 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 Four Fiscal Years
Fiscal Year Ended June 30, 2023

Exhibit 17
Page 5 of 6

School Board:

Health Coverage Plan

	2019*	2020	2021	2022	2023
Total OPEB liability					
Service cost	\$ 11,028	\$ 10,688	\$ 10,652	\$ 11,524	7,722
Interest	6,657	7,977	9,056	12,113	10,939
Changes in assumptions	76,691	-	5,974	(60,493)	-
Differences between expected and actual experience	1,290	(4,235)	14,204	24,999	(10,940)
Benefit payments	-	-	-	-	-
Net change in total pension liability	95,666	14,430	39,886	(11,857)	7,721
Total OPEB liability – beginning	-	95,666	110,096	149,982	138,125
Total OPEB liability – ending (a)	95,666	110,096	149,982	138,125	145,846
Plan fiduciary net position					
Contributions – employer	32,610	34,468	33,836	41,795	990
Contributions – active members	-	-	-	-	-
Net investment income	-	991	20,264	(11,117)	11,511
Benefit payments	-	-	-	-	-
Administrative expenses	-	(404)	(570)	(621)	(686)
Net change in plan fiduciary net position	32,610	35,055	53,530	30,057	11,815
Plan fiduciary net position – beginning	-	32,610	67,665	121,195	151,252
Plan fiduciary net position – ending (b)	\$ 32,610	\$ 67,665	\$ 121,195	\$ 151,252	163,067
Net OPEB (asset) / liability – ending (a) - (b)	\$ 63,056	\$ 42,431	\$ 28,787	\$ (13,127)	(17,221)
Fiduciary net position as a percentage of the total OPEB liability	34.1%	61.5%	80.8%	109.5%	111.8%
Covered employee payroll	\$ 180,274	\$ 186,584	\$ 180,274	\$ 201,288	208,333
Net OPEB (asset) / liability as a percentage of covered employee payroll	35.0%	22.7%	16.0%	-6.5%	-8.3%

	2017	2018	2019	2020	2021	2022	2023
Money-weighted rate of return on OPEB Plan Investments	12.06%	9.30%	4.39%	2.84%	29.85%	-9.38%	5.33%

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

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

COUNTY OF FAUQUIER, VIRGINIA

Schedule of Changes in Net OPEB Liability
and Related Ratios
Last Two Fiscal Years
Fiscal Year Ended June 30, 2023

Exhibit 17
Page 6 of 6

School Board:

VRS Health Insurance Credit Plan
Non-Professional

	2021*	2022	2023
Total OPEB liability			
Service cost	\$ -	\$ 11,804	\$ 9,971
Interest	-	28,356	32,118
Changes in Assumptions	-	-	93,899
Current-period benefit changes	420,083	15,378	-
Differences between expected and actual experience	-	-	(65,262)
Benefit Change	-	-	260,895
Benefit payments	-	-	(19,535)
Net change in total pension liability	420,083	55,538	312,086
Total OPEB liability – beginning	-	420,083	475,621
Total OPEB liability – ending (a)	<u>420,083</u>	<u>475,621</u>	<u>787,707</u>
Plan fiduciary net position			
Contributions – employer	-	39,076	71,848
Contributions – retired members	-	-	-
Net investment income	-	5,263	(1,365)
Benefit payments	-	-	(19,535)
Administrative expenses	-	(173)	(180)
Other changes	-	(173)	266
Net change in plan fiduciary net position	-	43,993	51,034
Plan fiduciary net position – beginning	-	-	44,166
Plan fiduciary net position – ending (b)	<u>-</u>	<u>43,993</u>	<u>95,200</u>
Net OPEB (asset) / liability – ending (a) - (b)	\$ 420,083	\$ 431,628	\$ 692,507
Fiduciary net position as a percentage of the total OPEB liability	0.00%	9.25%	12.09%
Covered payroll	\$ 7,662,372	\$ 8,468,533	\$ 9,747,612
Net OPEB (asset) / liability as a percentage of covered payroll	5.48%	5.10%	7.10%

* 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, 2023

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
2023	0.84851%	\$ 80,783,232	\$ 86,755,601	93.12%	82.61%
2022	0.86663%	67,474,513	78,840,487	85.58%	85.46%
2021	0.86664%	130,980,912	76,644,277	170.89%	71.47%
2020	0.90164%	118,661,000	78,772,804	150.64%	73.51%
2019	0.90285%	106,175,000	75,619,472	140.41%	74.81%
2018	0.92342%	113,561,000	72,884,547	155.81%	72.92%
2017	0.94296%	132,147,499	72,875,794	181.33%	68.28%
2016	0.94607%	117,860,528	72,441,305	162.70%	70.68%
2015	0.95944%	114,805,836	70,248,727	163.43%	70.88%

Net OPEB Liability

Primary Government:

Group Life Insurance Program

Date*	Employer's Proportion of the Net OPEB Liability	Employer's Proportionate Share of the Net OPEB Liability	Employer's Covered Payroll	Employer's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan's Fiduciary Net Position as a Percentage of the Total OPEB Liability
2023	0.20462%	\$ 2,463,822	\$ 50,051,912	4.92%	67.21%
2022	0.20409%	2,376,161	44,509,270	5.34%	67.45%
2021	0.20409%	3,370,214	42,136,454	8.00%	54.00%
2020	0.20207%	3,288,000	41,561,614	7.91%	52.00%
2019	0.19219%	2,919,000	39,612,916	7.37%	51.22%
2018	0.18604%	2,800,000	36,543,557	7.66%	48.86%

School Board:

Group Life Insurance Program

Non-Professional

Date*	Employer's Proportion of the Net OPEB Liability	Employer's Proportionate Share of the Net OPEB Liability	Employer's Covered Payroll	Employer's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan's Fiduciary Net Position as a Percentage of the Total OPEB Liability
2023	0.03909%	\$ 470,681	\$ 9,808,834	4.80%	67.21%
2022	0.03777%	439,745	8,502,934	5.17%	67.45%
2021	0.03777%	661,861	7,797,838	8.49%	54.00%
2020	0.40810%	664,000	8,161,958	8.14%	52.00%
2019	0.39330%	598,000	8,000,043	7.47%	51.22%
2018	0.04049%	609,000	7,477,675	8.14%	48.86%

Teachers

Date*	Employer's Proportion of the Net OPEB Liability	Employer's Proportionate Share of the Net OPEB Liability	Employer's Covered Payroll	Employer's Proportionate Share of the Net OPEB Liability (asset) as a Percentage of its Covered- Employee Payroll	Plan's Fiduciary Net Position as a Percentage of the Total OPEB Liability
2023	0.36394%	\$ 4,382,188	\$ 86,976,629	5.04%	67.21%
2022	0.37312%	4,344,130	79,165,295	5.49%	67.45%
2021	0.38397%	6,407,831	77,034,820	8.32%	54.00%
2020	0.38576%	6,277,000	79,023,163	7.94%	52.00%
2019	0.38420%	5,835,000	75,621,380	7.72%	51.22%
2018	0.39646%	5,967,000	73,055,143	8.17%	48.86%

Health Insurance Program

Teachers

Date*	Employer's Proportion of the Net OPEB Liability	Employer's Proportionate Share of the Net OPEB Liability	Employer's Covered Payroll	Employer's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan's Fiduciary Net Position as a Percentage of the Total OPEB Liability
2023	0.84591%	\$ 10,565,809	\$ 86,755,601	12.18%	15.08%
2022	0.86663%	11,123,796	78,840,487	14.11%	13.15%
2021	0.86663%	11,721,602	76,644,277	15.29%	9.95%
2020	0.90101%	11,796,000	78,772,804	14.97%	8.97%
2019	0.90237%	11,458,000	75,574,076	15.16%	8.08%
2018	0.92391%	11,721,000	72,978,293	16.06%	7.04%

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

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

APPENDIX E

FORM OF BOND COUNSEL OPINION

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*Set forth below is the proposed form of opinion of Hunton Andrews Kurth LLP, Bond Counsel.
It is preliminary and subject to change prior to delivery of the Bonds.*

[Closing Date]

Economic Development Authority
of Fauquier County, Virginia
Warrenton, Virginia

Board of Supervisors
Fauquier County
Warrenton, Virginia

Economic Development Authority of Fauquier County, Virginia
\$45,100,000
Public Facility Revenue Bonds
(Fauquier County Projects), Series 2024

Ladies and Gentlemen:

We have examined the applicable law, including the Industrial Development and Revenue Bond Act (Chapter 49, Title 15.2 of the Code of Virginia of 1950, as amended) (the “Act”) and certified copies of proceedings and documents relating to the organization of the Economic Development Authority of Fauquier County, Virginia (the “Authority”), and the issuance and sale by the Authority of its \$45,100,000 Public Facility Revenue Bonds (Fauquier County Projects), Series 2024 (the “Series 2024 Bonds”), for the benefit of the County of Fauquier, Virginia (the “County”). Reference is made to the forms of the Series 2024 Bonds for information concerning their details, including payment and redemption provisions, and the proceedings pursuant to which they are issued. Terms used but not otherwise defined herein have the same meanings assigned to such terms in the Agreement of Trust dated as of September 1, 2024 (the “Master Trust Agreement”), between the Authority and U.S. Bank Trust Company, National Association, as successor trustee (the “Trustee”), as supplemented by a First Supplemental Agreement of Trust dated as of September 1, 2024 (the “First Supplemental Trust Agreement” and, together with the Master Trust Agreement, the “Trust Agreement”).

The Series 2024 Bonds are being issued pursuant to the Trust Agreement in order to loan funds to the County, pursuant to the terms of a Financing Agreement dated as of September 1, 2024 (the “Financing Agreement”), between the Authority and the County. The proceeds of such loan will be used to (a) finance certain capital projects, and (b) pay the related costs of issuance. The Financing Agreement provides for the County to make Basic Payments to the Authority in amounts and on dates expected to be sufficient for payment of principal of and interest on all Bonds (including the Series 2024 Bonds) outstanding under the Trust Agreement. Pursuant to the Trust Agreement, the Authority has assigned certain of its rights under the Financing Agreement, including the right to receive Basic Payments and certain Additional Payments, to the Trustee as security for the Bonds (including the Series 2024 Bonds).

Without undertaking to verify the same by independent investigation, we have relied on certifications by representatives of the Authority and the County as to certain facts relevant to both our opinion and requirements of the Internal Revenue Code of 1986, as amended (the “Code”). The Authority and the County have covenanted to comply with the current provisions of the Code, regarding, among other matters, the use, expenditure and investment of the proceeds of the Series 2024 Bonds and the timely payment to the United States of any arbitrage rebate amounts with respect to the Series 2024 Bonds, all as set forth in the proceedings and documents relating to the issuance of the Series 2024 Bonds (the “Covenants”).

Based on the foregoing, in accordance with customary opinion practice and assuming due authorization, execution and delivery of the Documents (as hereinafter defined) by the Trustee, we are of the opinion that:

1. The Authority is a political subdivision of the Commonwealth duly created under the Act and is vested with all rights and powers conferred by the Act.

2. The Series 2024 Bonds (a) have been duly authorized and issued in accordance with the Act and constitute valid and binding limited obligations of the Authority payable as to principal, premium, if any, and interest solely from certain payments made by the County under the Financing Agreement and other funds pledged under the Trust Agreement and (b) are secured on parity with any additional bonds subsequently issued on a parity with the Series 2024 Bonds as provided in the Trust Agreement. The Series 2024 Bonds do not create or constitute a debt or pledge of the faith and credit of the Commonwealth of Virginia or any political subdivision thereof, including the Authority and the County.

3. The Trust Agreement and the Financing Agreement (collectively, the “Documents”) have been duly authorized, executed and delivered, constitute valid and binding obligations of the Authority and the County, as applicable, and are enforceable against the Authority and the County in accordance with their terms. The undertaking by the County to make payments under the Financing Agreement is subject to and dependent upon appropriations made by the Board of Supervisors of the County from time to time of sufficient funds for such purpose. Such undertaking constitutes neither a debt of the County within the meaning of any constitutional or statutory limitation nor a liability of or a lien or charge upon funds or property of the County beyond any fiscal year for which the Board of Supervisors has appropriated moneys for such purpose.

4. The rights of holders of the Series 2024 Bonds and the enforceability of such rights, including the enforcement by the Trustee of the obligations of the Authority and the County under the Documents, as applicable, may be limited or otherwise affected by (a) bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other laws affecting the rights of creditors generally and (b) principles of equity, whether considered at law or in equity, and by public policy.

5. Under current law, interest, including accrued original issue discount (“OID”), on the Series 2024 Bonds (a) is not included in gross income for federal income tax purposes, (b) is not an item of tax preference for purposes of the federal alternative minimum tax, and (c) is taken into account in determining adjusted financial statement income for applicable corporations (as defined in Section 59(k) of the Code) for the alternative minimum tax imposed on such corporations. The opinion in (a) and (b) of the preceding sentence is subject to the condition that there is compliance subsequent to the issuance of the Series 2024 Bonds with all requirements of the Code that must be satisfied in order that interest, including accrued OID, on the Series 2024 Bonds not be included in gross income for federal income tax purposes. Failure by the Authority and the County to comply with the Covenants, among other things, could cause interest, including accrued OID, on the Series 2024 Bonds to be included in gross income for federal income tax purposes retroactively to their date of issue. The Authority may in its discretion, but has not covenanted to, take any and all such actions as may be required by future changes in the Code and applicable regulations in order that interest, including accrued OID, on the Series 2024 Bonds remain excludable from gross income for federal income tax purposes. In the case of the Series 2024 Bonds maturing in the year 2045, the difference between (i) the stated principal amount of the OID Bonds and (ii) the initial offering price to the public (excluding bond houses and brokers) at which a substantial amount of such OID Bonds is sold will constitute OID; OID will accrue for federal income tax purposes on a constant-yield-to-maturity method based on regular compounding; and a holder’s basis in such a Bond will be increased by the amount of OID treated for federal income tax purposes as having accrued on the Bond while the holder holds the Bond. We express no opinion regarding other federal tax consequences of the ownership of or receipt or accrual of interest, including accrued OID, on the Series 2024 Bonds. Further, we express no opinion as to the treatment for federal income tax purposes of any interest, including accrued OID, paid on the Series 2024 Bonds after an event of default or non-appropriation by the Board of Supervisors of the County resulting in a termination of the Financing Agreement.

6. Under current law, interest, including accrued OID, on the Series 2024 Bonds is exempt from income taxation by the Commonwealth of Virginia and any political subdivision thereof.

The opinions set forth above are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. Our services as bond counsel to the Authority have been limited to rendering the foregoing opinion based on our review of such proceedings and documents as we deem necessary to approve the validity of the Series 2024 Bonds and the tax-exempt status of interest thereon. Our services have not included financial or other non-legal advice. We express no opinion herein as to the financial resources of the Authority or the County, the ability or willingness of the County to make payments under the Financing Agreement or the accuracy or completeness of any information, including the Authority’s Preliminary Official Statement dated August 22, 2024, and its Official Statement dated August 29, 2024, that may have been relied upon by anyone in making the decision to purchase Series 2024 Bonds. We assume no duty to update or supplement these opinions to reflect any facts or circumstances that

may hereafter come to our attention or to reflect any changes in any law or the interpretation thereof that may hereafter occur or become effective.

Very truly yours,

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APPENDIX F

FORM OF CONTINUING DISCLOSURE AGREEMENT

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CONTINUING DISCLOSURE AGREEMENT

This **CONTINUING DISCLOSURE AGREEMENT** dated as of September 18, 2024 (the “Disclosure Agreement”), is executed and delivered by the Board of Supervisors of Fauquier County, Virginia, on behalf of the County of Fauquier, Virginia (the “County”), in connection with the issuance by the Economic Development Authority of Fauquier County, Virginia (the “Issuer”), of its \$45,100,000 Public Facility Revenue Bonds (Fauquier County Projects), Series 2024 (the “Series 2024 Bonds”). The County hereby covenants and agrees as follows:

Section 1. Purpose. This Disclosure Agreement is being executed and delivered by the County for the benefit of the holders of the Series 2024 Bonds and in order to assist the original purchasers of the Series 2024 Bonds in complying with the provisions of Section (b)(5)(i) of Rule 15c2-12 (the “Rule”) promulgated by the Securities and Exchange Commission (the “SEC”) by providing certain annual financial information and event notices required by the Rule (collectively, the “Continuing Disclosure”).

Section 2. Annual Disclosure. (a) The County shall provide annually financial information and operating data in accordance with the provisions of Section (b)(5)(i) of the Rule as follows:

(i) financial statements of the County, prepared in accordance with generally accepted accounting principles; and

(ii) to the extent not included in (a)(i) above, certain financial and operating data with respect to the County generally of the type described in Appendix C of the Issuer’s Official Statement dated August 29, 2024 (the “Official Statement”), in the section entitled “TAX BASE DATA.”

If the financial statements filed pursuant to Section 2(a)(i) are not audited at the time initially filed, the County shall subsequently file such statements as audited when available.

(b) The County shall file annually with the Municipal Securities Rulemaking Board (“MSRB”) the financial information and operating data described in subsection (a) above (collectively, the “Annual Disclosure”) no later than the March 1 following the end of the County’s preceding fiscal year, commencing with the County’s fiscal year ending June 30, 2023.

(c) Any Annual Disclosure may be included by specific reference to other documents previously provided to the MSRB or filed with the SEC; provided, however, that any final official statement incorporated by reference must be available from the MSRB.

(d) The County shall file with the MSRB in a timely manner the notice specifying any failure of the County to provide the Annual Disclosure by the date specified.

Section 3. Event Disclosure. The County shall file with the MSRB in a timely manner not in excess of ten business days after the occurrence of the event, notice of the occurrence of any of the following events with respect to the Series 2024 Bonds:

- (a) principal and interest payment delinquencies;
- (b) non-payment related defaults, if material;
- (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) unscheduled draws on any credit enhancement reflecting financial difficulties;
- (e) substitution of credit or liquidity providers, or their failure to perform;

(f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 2024 Bonds, or other material events affecting the tax status of the Series 2024 Bonds;

(g) modifications to rights of holders of the Series 2024 Bonds, if material;

(h) bond calls, if material, and tender offers;

(i) defeasances of all or any portion of the Series 2024 Bonds;

(j) release, substitution, or sale of property securing repayment of the Series 2024 Bonds, if material;

(k) rating changes;

(l) bankruptcy, insolvency, receivership or similar event of the County;*

(m) the consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of the assets of the County, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(n) appointment of a successor or additional trustee or the change of name of a trustee, if material;

(o) incurrence of a financial obligation (as hereinafter defined) of the County, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the County, any of which affect holders of the Series 2024 Bonds, if material; and

(p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the County, any of which reflect financial difficulties.

The term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” does not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

Nothing in this Section (3) shall require the County to maintain any debt service reserve, credit enhancement or credit or liquidity providers with respect to the Series 2024 Bonds or to pledge any property as security for repayment of the Series 2024 Bonds.

Section 4. Termination. The obligation of the County hereunder will terminate upon the redemption, defeasance (within the meaning of the Rule) or payment in full of all the Series 2024 Bonds.

Section 5. Amendment. The County may modify its obligations hereunder without the consent of bondholders, provided that the County receives an opinion of nationally recognized bond counsel to the effect that

* For the purposes of the event identified in Subsection (3)(l) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

this Disclosure Agreement as so modified complies with the Rule as it exists at the time of modification. The County shall within a reasonable time thereafter file with the MSRB a description of such modification(s).

Section 6. Defaults. (a) If the County fails to comply with any covenant or obligation regarding Continuing Disclosure specified in this Disclosure Agreement, any holder (within the meaning of the Rule) of the Series 2024 Bonds then outstanding may, by notice to the County, proceed to protect and enforce its rights and the rights of the holders by an action for specific performance of the County's covenant to provide the Continuing Disclosure.

(b) Notwithstanding anything herein to the contrary, any failure of the County to comply with any obligation regarding Continuing Disclosure specified in this Disclosure Agreement (i) shall not be deemed to constitute an event of default under the Series 2024 Bonds or the Trust Agreement (as defined in the Official Statement) providing for the issuance of the Series 2024 Bonds and (ii) shall not give rise to any right or remedy other than that described in Section 6(a) above.

Section 7. Filing Method. Any filing required hereunder shall be made by transmitting such disclosure, notice or other information in electronic format to the MSRB through the MSRB's Electronic Municipal Market Access system pursuant to procedures promulgated by the MSRB.

Section 8. Additional Disclosure. The County may from time to time disclose certain information and data in addition to the Continuing Disclosure. Notwithstanding anything herein to the contrary, the County shall not incur any obligation to continue to provide or to update such additional information or data.

Section 9. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 10. Governing Law. This Disclosure Agreement shall be construed and enforced in accordance with the laws of the Commonwealth of Virginia.

**BOARD OF SUPERVISORS OF FAUQUIER
COUNTY, VIRGINIA, ON BEHALF OF
THE COUNTY OF FAUQUIER, VIRGINIA**

Chair

County Administrator

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APPENDIX G

BOOK ENTRY ONLY SYSTEM

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BOOK-ENTRY ONLY SYSTEM

The description which follows of the procedures and recordkeeping with respect to beneficial ownership interests in the Series 2024 Bonds, payments of principal of and premium, if any and interest on the Series 2024 Bonds to The Depository Trust Company, New York, New York (“DTC”), its nominee, Participants or Beneficial Owners (each as hereinafter defined), confirmation and transfer of beneficial ownership interests in the Series 2024 Bonds and other bond-related transactions by and between DTC, Participants and Beneficial Owners is based solely on information furnished by DTC.

DTC will act as securities depository for the Series 2024 Bonds. The Series 2024 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Series 2024 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (the “Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants” and, together with the Direct Participants, the “Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Series 2024 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2024 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 4 Bond (the “Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners, however, are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2024 Bonds are to be accomplished by entries made on the books of the Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2024 Bonds, except in the event that use of the book-entry system for the Series 2024 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2024 Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Series 2024 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2024 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2024 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holding on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Series 2024 Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2024 Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority or the Trustee as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2024 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal of and premium, if any, and interest on the Series 2024 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Authority or the Trustee subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal of and premium, if any, and interest on the Series 2024 Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2024 Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2024 Bond certificates will be printed and delivered.

The Authority, at the direction of the County, may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Series 2024 Bond certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Authority and the County believe to be reliable, but the Authority and the County take no responsibility for the accuracy thereof.

Neither the Authority, the County nor the Trustee has any responsibility or obligation to the Participants or the Beneficial Owners with respect to (a) the accuracy of any records maintained by DTC or any Participant; (b) the payment by any Participant of any amount due to any Beneficial Owner in respect of the principal of and premium, if any, and interest on the Series 2024 Bonds; (c) the delivery or timeliness of delivery by any Participant of any notice to any Beneficial Owner that is required or permitted under the terms of the Trust Agreement to be given to Bondholders; or (d) any other action taken by DTC, or its nominee, Cede & Co., as Bondholder, including the effectiveness of any action taken pursuant to an Omnibus Proxy.

So long as Cede & Co. is the registered owner of the Series 2024 Bonds, as nominee of DTC, references in this Official Statement to the Owners of the Series 2024 Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners, and Cede & Co. will be treated as the only holder of Series 2024 Bonds for all purposes under the Trust Agreement.

The Authority may enter into amendments to the agreement with DTC or successor agreements with a successor securities depository, relating to the book-entry system to be maintained with respect to the Series 2024 Bonds without the consent of Beneficial Owners or Bondholders.