

**COUNTY OF WESTMORELAND, VIRGINIA**

**FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2023**

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## COUNTY OF WESTMORELAND, VIRGINIA

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### **BOARD OF SUPERVISORS**

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Darryl E. Fisher, Chairman

W.W. Hynson, Vice-Chairman

Russ Culver

Dorothy Dickerson Tate

Timothy J. Trivett

### **SCHOOL BOARD**

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Ralph Fallin, Chairman

Iris Lane, Vice-Chairman

Katherine Lewis  
Daniel Wallace

Sandra Ramsey

### **OTHER OFFICIALS**

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Judge of the Circuit Court  
Clerk of the Circuit Court  
Commonwealth's Attorney  
Treasurer  
Sheriff  
Superintendent of Schools  
Director of Social Services  
Commissioner of the Revenue  
County Administrator

Herbert M. Hewitt  
Anne B. Garner  
Julia H. Sichol  
Sue N. Jones  
C.O. Balderson  
Dr. Michael Perry  
Amanda R. Tevis  
William K. Hoover  
Norm Risavi

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## Independent Auditors' Report

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To the Honorable Members of the Board of Supervisors  
County of Westmoreland, 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 Westmoreland, Virginia, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the County of Westmoreland, Virginia'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 Westmoreland, Virginia, as of and for the year ended June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *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 Westmoreland, 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 Principles*

As described in Note 1 to the financial statements, in 2023, the County adopted new accounting guidance, GASB Statement No. 96, *Subscription-Based Technology Arrangements (SBITAs)*. 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 Westmoreland, Virginia's ability to continue as a going concern for twelve months beyond the June 30, 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, *Government 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 Westmoreland, 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 Westmoreland, 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, budgetary comparison information, 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. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

## ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise County of Westmoreland, 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 section and statistical information but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements does 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 July 31, 2024, on our consideration of County of Westmoreland, 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 Westmoreland, 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 Westmoreland, Virginia's internal control over financial reporting and compliance.

*Robinson, Farmer, Cox Associates*

Fredericksburg, Virginia  
July 31, 2024

**COUNTY OF WESTMORELAND, VIRGINIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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**To the Citizens of Westmoreland County  
County of Westmoreland, Virginia**

As management of the County of Westmoreland, Virginia we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2023.

**Financial Highlights**

**Government-wide Financial Statements**

- On a government-wide basis for governmental activities, the assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$40,374,066 (net position). For business-type activities, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$19,898,545.

**Fund Financial Statements**

The General Fund, on a current financial resource basis, reported revenues in excess of expenditures and other financing sources of \$1,426,093 (Exhibit 5) after making contributions totaling \$9,921,365 to the School Board.

- As of the close of the current fiscal year, the County's governmental funds reported ending fund balances of \$18,712,471 an increase of \$2,812,219 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$9,934,745 or 23% of total general fund expenditures.
- Combined long-term obligations for the governmental funds decreased \$3,621,830 during the current fiscal year.

The Proprietary Funds, on an accrual basis, reported a decrease in net position of \$15,391(Exhibit 8).

- As of the close of the current fiscal year, the County's proprietary funds reported ending net position of \$19,898,545, a decrease of \$15,391.
- Combined long-term obligations in the proprietary funds decreased \$360,074 during the current fiscal year.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements are comprised of three components:

1. Government-wide financial statements,
2. Fund financial statements, and
3. Notes to the financial statements.

This report also contains other supplementary information in addition to the basic financial statements themselves.

## Overview of the Financial Statements: (Continued)

Government-wide financial statements - The Government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the County's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the excess of assets and deferred outflows over liabilities and deferred inflows reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The statement of activities presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, courts, police protection, sanitation, social services, education, cultural events, and recreation.

The Government-wide financial statements include not only the County of Westmoreland, Virginia itself (known as the primary government), but also a legally separate school district for which the County of Westmoreland, Virginia is financially accountable. Financial information for this component unit is reported separately from the financial information present for the primary government itself.

Fund financial statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County of Westmoreland, Virginia, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds - Governmental Funds are used to account for essentially the same functions or services reported as governmental activities in the government-wide financial statements. Whereas the government-wide financial statements are prepared on the accrual basis of accounting, the governmental fund financial statements are prepared on the modified accrual basis of accounting. The focus of modified accrual reporting is on near-term inflows and outflows of financial resources and the balance of financial resources available at the end of the fiscal year. Since the governmental funds focus is narrower than that of the government-wide financial statements, a reconciliation between the two methods is provided following the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances. The County's major funds are the General Fund and the County Capital Improvements Fund.

Proprietary Funds - Proprietary Funds account for operations that are financed in a manner similar to private business enterprises. The Proprietary Funds utilize the accrual basis of accounting where the measurement focus is upon determination of net income, financial position, and changes in financial position. Proprietary Funds consist of Enterprise Funds.

Fiduciary funds - The County is the trustee, or fiduciary, for the County's custodial funds. It is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate statement of fiduciary net position. The County excludes these activities from the County's government-wide financial statements because the County cannot use these assets to finance its operations. County custodial funds used to provide accountability of client monies for which the County is custodian.

## Overview of the Financial Statements: (Continued)

Notes to the financial statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information for budgetary comparison schedules and presentation of combining financial statements for the discretely presented component unit - School Board. The School Board does not issue separate financial statements.

## Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a County's financial position. In the case of the County's governmental activities, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$40,374,066 at the close of the most recent fiscal year.

### Summary Statement of Net Position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Current and other assets	\$ 23,541,480	\$ 25,867,670	\$ 2,847,764	\$ 3,202,827	\$ 26,389,244	\$ 29,070,497
Capital assets	83,105,552	77,884,112	29,778,024	29,965,778	112,883,576	107,849,890
Total assets	\$ 106,647,032	\$ 103,751,782	\$ 32,625,788	\$ 33,168,605	\$ 139,272,820	\$ 136,920,387
Deferred outflows of resources	\$ 1,562,019	\$ 1,962,679	\$ 31,974	\$ 43,499	\$ 1,593,993	\$ 2,006,178
Long-term liabilities	\$ 62,321,399	\$ 58,339,495	\$ 12,526,630	\$ 12,886,704	\$ 74,848,029	\$ 71,226,199
Current liabilities	3,540,723	7,709,823	201,690	289,965	3,742,413	7,999,788
Total liabilities	\$ 65,862,122	\$ 66,049,318	\$ 12,728,320	\$ 13,176,669	\$ 78,590,442	\$ 79,225,987
Deferred inflows of resources	\$ 1,972,863	\$ 4,805,016	\$ 30,897	\$ 121,499	\$ 2,003,760	\$ 4,926,515
Net position:						
Net investment in capital assets	\$ 22,888,461	\$ 18,221,092	\$ 17,303,246	\$ 17,119,926	\$ 40,191,707	\$ 35,341,018
Restricted	1,584,113	1,400,510	457,676	742,459	2,041,789	2,142,969
Unrestricted	15,901,492	15,238,525	2,137,623	2,051,551	18,039,115	17,290,076
Total net position	\$ 40,374,066	\$ 34,860,127	\$ 19,898,545	\$ 19,913,936	\$ 60,272,611	\$ 54,774,063

## Government-wide Financial Analysis (Continued)

At the end of the current fiscal year, the County's investment in capital assets net of related debt used to acquire those assets was \$22,888,461 for governmental activities. The County uses these capital assets to provide services to citizens therefore; these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The County's net position increased by \$5,507,816 in the current fiscal year.

Governmental Activities - Governmental activities and business-type activities increased the County's net position by \$5,513,939 and (\$15,391) respectively. Key elements of this increase are as follows:

### Summary Statement of Change in Net Position

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 1,388,742	\$ 1,437,210	\$ 3,641,316	\$ 3,314,751	\$ 5,030,058	\$ 4,751,961
Operating grants and contributions	7,081,618	6,042,567	-	-	7,081,618	6,042,567
Capital grants and contributions	2,381,326	674,343	-	-	2,381,326	674,343
General revenues:						
General property taxes	25,710,979	25,077,671	-	-	25,710,979	25,077,671
Other local taxes	3,542,375	3,162,691	-	-	3,542,375	3,162,691
Grants and other contributions not restricted	1,752,926	1,771,038	-	-	1,752,926	-1,752,926
Use of money and property	506,221	18,135	22,284	(25,873)	528,505	-7,738
Gain / (loss) on disposal of capital assets	-	90,000	-	-	-	90,000
Miscellaneous	669,522	763,714	48,105	(166,653)	717,627	597,061
Total revenues	\$ 43,033,709	\$ 39,037,369	\$ 3,711,705	\$ 3,122,225	\$ 46,745,414	\$ 42,159,594
Expenses:						
General government administration	\$ 2,346,943	\$ 3,768,018	\$ -	\$ -	\$ 2,346,943	\$ 3,768,018
Judicial administration	1,178,590	1,152,759	-	-	1,178,590	1,152,759
Public safety	9,534,975	8,784,652	-	-	9,534,975	8,784,652
Public works	4,680,413	4,289,160	-	-	4,680,413	4,289,160
Health and welfare	4,583,063	4,331,398	-	-	4,583,063	4,331,398
Education	10,076,595	8,991,636	-	-	10,076,595	8,991,636
Parks, recreation, and cultural	1,009,071	866,940	-	-	1,009,071	866,940
Community development	2,702,286	892,473	-	-	2,702,286	892,473
Interest on long-term debt	1,407,834	1,499,550	-	-	1,407,834	1,499,550
Water and Sewer	-	-	3,727,096	3,539,999	3,727,096	3,539,999
Total expenses	\$ 37,519,770	\$ 34,576,586	\$ 3,727,096	\$ 3,539,999	\$ 41,246,866	\$ 38,116,585
Increase (decrease) in net position before transfers	\$ 5,513,939	\$ 4,460,783	\$ (15,391)	\$ (417,774)	\$ 5,498,548	\$ 4,043,009
Transfers	-	-	-	-	-	-
Increase in net position	\$ 5,513,939	\$ 4,460,783	\$ (15,391)	\$ (417,774)	\$ 5,498,548	\$ 4,043,009
Net position, July 1	34,860,127	30,399,344	19,913,936	20,331,710	54,774,063	50,731,054
Net position, June 30	\$ 40,374,066	\$ 34,860,127	\$ 19,898,545	\$ 19,913,936	\$ 60,272,611	\$ 54,774,063

### **Government-wide Financial Analysis: (Continued)**

- The increase of \$5,513,939 in the governmental activities net position was largely attributable revenues exceeding expenses.
- Net position for business-type activities showed a decrease of \$15,391 during fiscal year 2023.

For the most part, increases in expenditures closely paralleled inflation and growth in the demand for services.

### **Financial Analysis of the County's Funds**

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

**Governmental Funds** - The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of available resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a County's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's governmental funds reported fund balances of \$17,021,782 an increase of \$1,426,093 in comparison with the prior year. Approximately 58% of this total amount constitutes unassigned fund balance, which is available for spending at the County's discretion. The remainder of fund balance is restricted, committed, and assigned to indicate that it is not available for new spending because it has already been constrained. During fiscal year 2023 the fund balance of the General Fund increased by \$1,426,093 to \$17,021,782, the fund balance of the General Capital Projects Fund decreased by (\$803,932) to 384,765 due to scheduled spending on capital projects, and the fund balance of the other governmental funds increased by \$197,429 during FY2023 to \$1,305,924.

**Proprietary Funds** - The focus of the County's proprietary funds is upon determination of net income, financial position, and changes in financial position. Funds are accounted for in a manner similar to private business enterprises. The County's proprietary funds consists of the Water and Sewer Fund. The proprietary funds reflected a combined decrease in net position of \$15,391.

## **Capital Asset and Debt Administration**

- **Capital assets** - The County's investment in capital assets for its governmental operations as of June 30, 2023 amounts to \$83,105,552 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and machinery and equipment. Investment in capital assets for the County's proprietary operations amounts to \$29,778,024 as of June 30, 2023. This investment includes land, water systems, sewer systems, and equipment.

Additional information on the County's capital assets can be found in note 9 of this report.

**Long-term debt** - At the end of the current fiscal year, the County had total long-term obligations outstanding of \$62,321,399 for its governmental activities. Of this amount \$480,000 comprises debt backed by the full faith and credit of the County. The remainder of the County's debt for governmental operations \$55,304,217 represents bonds secured solely by specified revenue sources (i.e., revenue bonds), notes payable of \$3,879,000, OPEB liabilities of \$996,480, bond premium \$416,056 and compensated absences of \$699,995, lease liabilities of \$19,366. Business-type debt is comprised of \$11,713,518 bonds secured solely by water and sewer revenues, \$41,597 treatment plant upgrade, net OPEB liabilities of \$20,336 and compensated absences of \$20,775.

The County's total long-term obligations decreased by \$3,138,090 during the current fiscal year.

Additional information on the County of Westmoreland, Virginia's long-term debt can be found in Note 12 of this report.

## **Economic Factors and Next Year's Budgets and Rates**

- The unemployment rate for the County at June 30, 2023 is 3.0 percent, which is an decrease from a rate of 5.1 percent a year ago. This is slightly higher than the state's average unemployment rate of 2.5 percent and is less than the national average rate of 3.6 percent.
- Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the County's budget for the 2024 fiscal year.

## **Requests for Information**

This financial report is designed to provide a general overview of the County of Westmoreland, Virginia's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County Administrator, P.O. Box 1000, Montross, Virginia 22520.



## **Basic Financial Statements**

***Government-wide Financial Statements***

Statement of Net Position  
June 30, 2023

	Primary Government			Component
	Governmental	Business-type	Total	Unit
	Activities	Activities		School Board
<b>ASSETS</b>				
Cash and cash equivalents	\$ 5,816,101	\$ 1,596,535	\$ 7,412,636	\$ 4,797,764
Investments	12,943,700	691,677	13,635,377	-
Receivables (net of allowance for uncollectibles):				
Taxes receivable	1,679,294	-	1,679,294	-
Accounts receivable	439,251	101,876	541,127	29,429
Due from other funds	34,915	-	34,915	-
Due from other governmental units	1,204,102	-	1,204,102	2,103,613
Lease receivables	101,063	-	101,063	-
Restricted assets:				
Cash and investments	1,323,054	457,676	1,780,730	-
Capital assets (net of accumulated depreciation):				
Land	5,023,220	932,579	5,955,799	258,916
Buildings and system	65,868,910	27,249,984	93,118,894	6,797,740
Machinery and equipment	11,406,069	52,766	11,458,835	5,677,570
Leased equipment	19,110	-	19,110	55,499
Subscription assets	-	-	-	25,201
Intangible assets	-	1,507,328	1,507,328	-
Construction in progress	788,243	35,367	823,610	4,301,514
Total assets	\$ 106,647,032	\$ 32,625,788	\$ 139,272,820	\$ 24,047,246
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension related items	\$ 1,324,223	\$ 27,121	\$ 1,351,344	\$ 2,966,719
OPEB related items	237,796	4,853	242,649	463,061
Total deferred outflows of resources	\$ 1,562,019	\$ 31,974	\$ 1,593,993	\$ 3,429,780
<b>LIABILITIES</b>				
Accounts payable	\$ 1,176,952	\$ 42,398	\$ 1,219,350	\$ 361,281
Accrued liabilities	-	-	-	1,400,299
Retainage payable	112,329	-	112,329	6,638
Unearned revenue	1,595,439	83,158	1,678,597	-
Customers' deposits	-	35	35	-
Accrued interest payable	566,611	41,184	607,795	-
Due to other funds	-	34,915	34,915	-
Due to other governmental units	89,392	-	89,392	112,023
Long-term liabilities:				
Due within one year	1,450,618	375,454	1,826,072	49,188
Due in more than one year	60,870,781	12,151,176	73,021,957	14,006,504
Total liabilities	\$ 65,862,122	\$ 12,728,320	\$ 78,590,442	\$ 15,935,933
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension related items	\$ 1,471,146	\$ 26,253	\$ 1,497,399	\$ 3,126,650
OPEB related items	227,604	4,644	232,248	557,606
Deferred revenue - property taxes	175,751	-	175,751	-
Leases related	98,362	-	98,362	-
Total deferred inflows of resources	\$ 1,972,863	\$ 30,897	\$ 2,003,760	\$ 3,684,256
<b>NET POSITION</b>				
Net Investment in capital assets	\$ 22,888,461	\$ 17,303,246	\$ 40,191,707	\$ 17,051,820
Restricted:				
Opioid settlement	261,059	-	261,059	-
Debt service and bond covenants	1,323,054	457,676	1,780,730	-
Unrestricted (deficit)	15,901,492	2,137,623	18,039,115	(9,194,983)
Total net position	\$ 40,374,066	\$ 19,898,545	\$ 60,272,611	\$ 7,856,837

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

COUNTY OF WESTMORELAND, VIRGINIA

Statement of Activities  
For the Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 2,346,943	\$ -	\$ 501,592	\$ -
Judicial administration	1,178,590	299,740	625,106	-
Public safety	9,534,975	43,931	1,853,782	2,594
Public works	4,680,413	734,770	57,401	1,378,732
Health and welfare	4,583,063	-	3,344,987	-
Education	10,076,595	-	-	-
Parks, recreation, and cultural	1,009,071	306,132	-	-
Community development	2,702,286	4,169	698,750	1,000,000
Interest on long-term debt	1,407,834	-	-	-
Total governmental activities	\$ 37,519,770	\$ 1,388,742	\$ 7,081,618	\$ 2,381,326
Business-type activities:				
Water and sewer	\$ 3,727,096	\$ 3,641,316	\$ -	\$ -
Total business-type activities	\$ 3,727,096	\$ 3,641,316	\$ -	\$ -
Total primary government	\$ 41,246,866	\$ 5,030,058	\$ 7,081,618	\$ 2,381,326
COMPONENT UNIT:				
School Board	\$ 26,564,588	\$ 22,082	\$ 23,640,785	\$ 196,641

General revenues:  
 General property taxes  
 Local sales and use taxes  
 Consumers' utility taxes  
 Motor vehicle licenses  
 Taxes on recordation and wills  
 Other local taxes  
 Unrestricted revenues from use of money and property  
 Miscellaneous  
 Payment from local government  
 Grants and contributions not restricted to specific programs  
 Total general revenues  
 Change in net position  
 Net position - beginning  
 Net position - ending

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

Exhibit 2

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	School Board
\$ (1,845,351)		\$ (1,845,351)	
(253,744)		(253,744)	
(7,634,668)		(7,634,668)	
(2,509,510)		(2,509,510)	
(1,238,076)		(1,238,076)	
(10,076,595)		(10,076,595)	
(702,939)		(702,939)	
(999,367)		(999,367)	
(1,407,834)		(1,407,834)	
<u>\$ (26,668,084)</u>		<u>\$ (26,668,084)</u>	
	\$ (85,780)	\$ (85,780)	
	<u>\$ (85,780)</u>	<u>\$ (85,780)</u>	
	<u>\$ (85,780)</u>	<u>\$ (26,753,864)</u>	
			\$ <u>(2,705,080)</u>
\$ 25,710,979	\$ -	\$ 25,710,979	\$ -
1,456,037	-	1,456,037	-
350,156	-	350,156	-
834,793	-	834,793	-
325,271	-	325,271	-
576,118	-	576,118	-
506,221	22,284	528,505	42,436
669,522	48,105	717,627	539,920
-	-	-	10,069,245
1,752,926	-	1,752,926	-
<u>\$ 32,182,023</u>	<u>\$ 70,389</u>	<u>\$ 32,252,412</u>	<u>\$ 10,651,601</u>
<u>\$ 5,513,939</u>	<u>\$ (15,391)</u>	<u>\$ 5,498,548</u>	<u>\$ 7,946,521</u>
34,860,127	19,913,936	54,774,063	(89,684)
<u>\$ 40,374,066</u>	<u>\$ 19,898,545</u>	<u>\$ 60,272,611</u>	<u>\$ 7,856,837</u>

## ***Fund Financial Statements***

Balance Sheet  
Governmental Funds  
June 30, 2023

	General	General Capital Projects	Other Governmental Funds	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 4,284,449	\$ 250,235	\$ 1,281,417	\$ 5,816,101
Investments	12,769,954	172,520	1,226	12,943,700
Receivables (net of allowance for uncollectibles):				
Taxes receivable	1,679,294	-	-	1,679,294
Accounts receivable	439,251	-	-	439,251
Due from other funds	34,915	-	-	34,915
Due from other governmental units	1,204,102	-	-	1,204,102
Lease receivables	101,063	-	-	101,063
Restricted assets:				
Restricted:				
Cash and cash equivalents	1,273,423	-	-	1,273,423
Investments	-	-	49,631	49,631
Total assets	<u>\$ 21,786,451</u>	<u>\$ 422,755</u>	<u>\$ 1,332,274</u>	<u>\$ 23,541,480</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 1,150,602	\$ -	\$ 26,350	\$ 1,176,952
Retainage payable	74,339	37,990	-	112,329
Due to other governmental units	89,392	-	-	89,392
Unearned revenue	1,595,439	-	-	1,595,439
Total liabilities	<u>\$ 2,909,772</u>	<u>\$ 37,990</u>	<u>\$ 26,350</u>	<u>\$ 2,974,112</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	\$ 1,550,377	\$ -	\$ -	\$ 1,550,377
Unavailable revenue - opioid settlement	206,158	-	-	206,158
Leases related	98,362	-	-	98,362
Total deferred inflows of resources	<u>\$ 1,854,897</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,854,897</u>
<b>FUND BALANCES:</b>				
Nonspendable	\$ 2,701	\$ -	\$ -	\$ 2,701
Restricted	118,385	-	49,631	168,016
Committed	2,409,514	-	1,256,293	3,665,807
Assigned	4,556,437	384,765	-	4,941,202
Unassigned	9,934,745	-	-	9,934,745
Total fund balances	<u>\$ 17,021,782</u>	<u>\$ 384,765</u>	<u>\$ 1,305,924</u>	<u>\$ 18,712,471</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 21,786,451</u>	<u>\$ 422,755</u>	<u>\$ 1,332,274</u>	<u>\$ 23,541,480</u>

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

Reconciliation of the Balance Sheet of Governmental Funds  
To the Statement of Net Position  
June 30, 2023

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Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds		\$	18,712,471
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			
Land	\$	5,023,220	
Construction in progress		788,243	
Buildings and improvements, net of depreciation		65,868,910	
Machinery and equipment, net of depreciation		11,406,069	
Leased equipment, net of depreciation		<u>19,110</u>	83,105,552
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.			
Pension related items	\$	1,324,223	
OPEB related items		<u>237,796</u>	1,562,019
Because the focus of governmental funds is on short-term financing, some assets will not be available to pay current-period expenditures. Those assets (for example, receivables) are offset by unavailable revenues in the governmental funds and thus are not included in the fund balance.			1,580,784
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.			
Accrued interest payable	\$	(566,611)	
Bonds payable		(56,200,273)	
Net OPEB liability		(996,480)	
Compensated absences		(699,995)	
Lease liabilities		(19,366)	
Notes payable		(3,879,000)	
Net pension liability		<u>(526,285)</u>	(62,888,010)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.			
Pension related items		(1,471,146)	
OPEB related items		<u>(227,604)</u>	<u>(1,698,750)</u>
Net position of governmental activities		\$	<u><u>40,374,066</u></u>

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



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

	General	General Capital Projects	Other Governmental Funds	Total
<b>REVENUES</b>				
General property taxes	\$ 25,683,983	\$ -	\$ 73,509	\$ 25,757,492
Other local taxes	3,542,375	-	-	3,542,375
Permits, privilege fees, and regulatory licenses	508,914	-	-	508,914
Fines and forfeitures	273,899	-	-	273,899
Revenue from the use of money and property	503,712	2,538	650	506,900
Charges for services	95,860	-	510,069	605,929
Miscellaneous	463,364	-	-	463,364
Recovered costs	1,698,424	-	-	1,698,424
Intergovernmental:				
Contribution from school board	-	112,856	-	112,856
Commonwealth	7,369,513	-	-	7,369,513
Federal	3,846,357	-	-	3,846,357
Total revenues	\$ 43,986,401	\$ 115,394	\$ 584,228	\$ 44,686,023
<b>EXPENDITURES</b>				
Current:				
General government administration	\$ 3,587,695	\$ -	\$ -	\$ 3,587,695
Judicial administration	1,213,153	-	-	1,213,153
Public safety	11,019,891	-	-	11,019,891
Public works	4,340,120	-	-	4,340,120
Health and welfare	4,622,196	-	-	4,622,196
Education	9,932,507	-	-	9,932,507
Parks, recreation, and cultural	581,859	-	-	581,859
Community development	518,554	-	146,832	665,386
Nondepartmental	207,166	-	-	207,166
Capital projects	4,153,872	1,753,912	1,379,145	7,286,929
Debt service:				
Principal retirement	1,024,651	-	85,385	1,110,036
Interest and other fiscal charges	1,364,767	-	35,437	1,400,204
Total expenditures	\$ 42,566,431	\$ 1,753,912	\$ 1,646,799	\$ 45,967,142
Excess (deficiency) of revenues over (under) expenditures	\$ 1,419,970	\$ (1,638,518)	\$ (1,062,571)	\$ (1,281,119)
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of revenue bonds	\$ -	\$ 2,827,215	\$ 1,260,000	\$ 4,087,215
Issuance of leases	6,123	-	-	6,123
Total other financing sources (uses)	\$ 6,123	\$ 2,827,215	\$ 1,260,000	\$ 4,093,338
Net change in fund balances	\$ 1,426,093	\$ 1,188,697	\$ 197,429	\$ 2,812,219
Fund balances - beginning	15,595,689	(803,932)	1,108,495	15,900,252
Fund balances - ending	\$ 17,021,782	\$ 384,765	\$ 1,305,924	\$ 18,712,471

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

Reconciliation of Statement of Revenues,  
Expenditures, and Changes in Fund Balances of Governmental Funds  
To the Statement of Activities  
For the Year Ended June 30, 2023

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Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$	2,812,219
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period.

Capital asset additions	\$	7,074,888	
Depreciation expense		<u>(1,634,400)</u>	5,440,488

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is to decrease net position.	(162,548)
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Transfer of joint tenancy assets from Primary Government to the Component Unit	(56,500)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes	\$	(46,513)	
Opioid settlement		<u>206,158</u>	159,645

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on 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. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Issuance of revenue bonds	\$	(4,087,215)	
Issuance of leases		(6,123)	
Lease revenue bonds		238,177	
Bond premium		14,859	
General obligation bonds		115,000	
Lease liabilities		9,415	
Notes payable		<u>571,000</u>	(3,144,887)

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.

Compensated absences	\$	(145,949)	
Net OPEB expense		(46,088)	
Net pension expense		680,048	
Accrued interest payable		<u>(22,489)</u>	465,522

Change in net position of governmental activities	\$	<u><u>5,513,939</u></u>
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The notes to the financial statements are an integral part of this statement.

Statement of Net Position  
 Proprietary Funds  
 June 30, 2023

	<u>Enterprise Fund</u>
	<u>Water and Sewer Fund</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 1,596,535
Investments	691,677
Accounts receivable, net of allowance for uncollectibles	101,876
Total current assets	\$ 2,390,088
Noncurrent assets:	
Restricted assets:	
Cash and investments	\$ 457,676
Total restricted assets	\$ 457,676
Capital assets:	
Land - Sewer	\$ 932,579
Buildings and system - Sewer	37,925,528
Buildings and system - Water	1,183,857
Machinery and equipment - Sewer	354,953
Intangible assets - Sewer	1,987,520
Accumulated depreciation - Sewer	(11,597,774)
Accumulated depreciation - Water	(1,044,006)
Construction in progress - Sewer	35,367
Total net capital assets	\$ 29,778,024
Total noncurrent assets	\$ 30,235,700
Total assets	\$ 32,625,788
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension related items	\$ 27,121
OPEB related items	4,853
Total deferred outflows of resources	\$ 31,974
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 42,398
Customers' deposits	35
Unearned revenue	83,158
Accrued interest payable	41,184
Due to other funds	34,915
Compensated absences - current portion	2,078
Sewer treatment plant agreement - current portion	6,319
Bond premium	25,702
Bonds payable - current portion	341,355
Total current liabilities	\$ 577,144
Noncurrent liabilities:	
Bonds payable - net of current portion	\$ 11,372,163
Sewer treatment plant agreement - noncurrent portion	35,278
Bond premium	693,961
Net pension liability	10,741
Net OPEB liability	20,336
Compensated absences - net of current portion	18,697
Total noncurrent liabilities	\$ 12,151,176
Total liabilities	\$ 12,728,320
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension related items	\$ 26,253
OPEB related items	4,644
Total deferred inflows of resources	\$ 30,897
<b>NET POSITION</b>	
Net investment in capital assets	\$ 17,303,246
Restricted:	
Debt service and bond covenants	457,676
Unrestricted	2,137,623
Total net position	\$ 19,898,545

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

Statement of Revenues, Expenses, and Changes in Net Position  
 Proprietary Funds  
 For the Year Ended June 30, 2023

	<u>Enterprise Fund</u> <u>Water and</u> <u>Sewer</u> <u>Fund</u>
<b>OPERATING REVENUES</b>	
Charges for services:	
Water revenues	\$ 52,374
Sewer revenues	1,954,746
Total operating revenues	<u>\$ 2,007,120</u>
<b>OPERATING EXPENSES</b>	
Water	\$ 26,092
Sewer	2,389,814
Other expenses	4,133
Depreciation - water	36,920
Depreciation - sewer	964,608
Total operating expenses	<u>\$ 3,421,567</u>
Operating income (loss)	<u>\$ (1,414,447)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Interest income	\$ 22,284
Availability/connection/tap fees - sewer	1,622,196
Availability/connection/tap fees - water	12,000
Interest expense - water	(7,717)
Interest expense - sewer	(297,812)
Other nonoperating item - water	3,018
Other nonoperating item - sewer	45,087
Total nonoperating revenues (expenses)	<u>\$ 1,399,056</u>
Income (loss)	<u>\$ (15,391)</u>
Change in net position	<u>\$ (15,391)</u>
Total net position - beginning	19,913,936
Total net position - ending	<u><u>\$ 19,898,545</u></u>

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

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

	<u>Enterprise Funds</u> <u>Water and</u> <u>Sewer</u> <u>Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers and users	\$ 2,113,135
Payments to suppliers	(2,531,119)
Payments to and for employees	(21,128)
Net cash provided by (used for) operating activities	<u>\$ (439,112)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Additions to utility plant	\$ (813,774)
Principal payments on bonds	(339,054)
Principal payments on treatment plant agreement	(6,318)
Interest expense	(307,431)
Bond premium	(25,702)
Availability/connection fees	1,634,196
Other	<u>48,105</u>
Net cash provided by (used for) capital and related financing activities	<u>\$ 190,022</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Sale (purchase) of investments	\$ 759,091
Interest income	22,284
Net cash provided by (used for) investing activities	<u>\$ 781,375</u>
Net increase (decrease) in cash and cash equivalents	\$ 532,285
Cash and cash equivalents - beginning	1,064,250
Cash and cash equivalents - ending	<u><u>\$ 1,596,535</u></u>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>	
Operating income (loss)	\$ (1,414,447)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	\$ 1,001,528
(Increase) decrease in accounts receivable	106,015
(Increase) decrease in deferred outflows - pension related items	10,936
(Increase) decrease in deferred outflows - OPEB related items	589
(Increase) decrease in net pension asset	22,242
Increase (decrease) in accounts payable	(18,118)
Increase (decrease) in net pension liability	10,741
Increase (decrease) in net OPEB liability	(5,387)
Increase (decrease) in deferred inflows - pension related items	(85,903)
Increase (decrease) in deferred inflows - OPEB related items	(4,699)
Increase (decrease) in unearned revenue	24,707
Increase (decrease) in compensated absences	5,646
Increase (decrease) in due to other funds	<u>(92,962)</u>
Total adjustments	<u>\$ 975,335</u>
Net cash provided by (used for) operating activities	<u><u>\$ (439,112)</u></u>

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

Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2023

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	<u>Special Welfare</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ <u>62,516</u>
Total assets	\$ <u>62,516</u>
<b>LIABILITIES</b>	
Accounts payable and accrued liabilities	\$ <u>18,817</u>
Total liabilities	\$ <u>18,817</u>
<b>NET POSITION</b>	
Restricted:	
Net position restricted to individuals and organizations	\$ <u><u>43,699</u></u>

The accompanying notes to financial statements are in integral poart of this statement

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

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	<u>Special Welfare</u>
<b>Additions:</b>	
Miscellaneous	\$ <u>12,642</u>
Total additions	\$ <u>12,642</u>
<b>Deductions</b>	
Other charges	\$ <u>4,978</u>
Total deductions	\$ <u>4,978</u>
Net Increase (decrease) in plan assets	\$ 7,664
<b>Net Positions</b>	
Balance, beginning of year	<u>36,035</u>
Balance, end of year	\$ <u><u>43,699</u></u>

The accompanying notes to financial statements are in integral poart of this statement

## COUNTY OF WESTMORELAND, VIRGINIA

### Notes to Financial Statements As of June 30, 2023

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

##### **Narrative Profile**

The County of Westmoreland, located in the northern neck of Virginia and bordered by the counties of Essex, King George, Northumberland and Richmond, was founded in 1653. The County has a population of 18,731 and a land area of 229 square miles.

The County is governed under the County Administrator - Board of Supervisors form of government. Westmoreland County engages in a comprehensive range of municipal services, including general government administration, public safety and administration of justice, education, health, welfare, human service programs, landfill operations, planning, community development and recreation, cultural, and historic activities.

The financial statements of the County of Westmoreland, Virginia have been prepared in conformity with the accounting principles generally accepted in the United States as specified by the Governmental Accounting Standards Board and specifications promulgated by the Auditor of Public Accounts (APA) of the Commonwealth of Virginia. The more significant of the government's accounting policies are described below.

##### **A. Financial Reporting Entity**

**Government-wide Financial Statements:** The reporting model includes financial statements prepared using full accrual accounting for all of the government's activities. This approach includes not just current assets and liabilities (such as cash and accounts payable) but also capital assets and long-term liabilities (such as buildings and infrastructure, including bridges and roads, and general obligation debt). Accrual accounting also reports all of the revenues and costs of providing services each year, not just those received or paid in the current year or soon thereafter.

**Statement of Net Position:** The Statement of Net Position is designed to display the financial position of the primary government (governmental and business-type activities) and its discretely presented component unit. Governments report all capital assets, including infrastructure, in the government-wide Statement of Net Position and 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.

**Statement of Activities:** The government-wide statement of activities reports expenses and revenues in a format that focuses on the cost of each of the government's functions. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants).



## COUNTY OF WESTMORELAND, VIRGINIA

### Notes to Financial Statements As of June 30, 2023 (Continued)

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)**

##### **A. Financial Reporting Entity (Continued)**

Budgetary Comparison Schedules: Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. The County and many other governments revise their original budgets over the course of the year for a variety of reasons. The budgetary comparison schedules present the original budget, final budget, and actual results.

As required by the accounting principles generally accepted in the United States, these financial statements present the primary government and its component unit, entity for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. The County has no component units that meet the requirements for blending. The discretely presented component unit, on the other hand, is reported in a separate column in the government-wide statements to emphasize it is legally separate from the primary government. The discretely presented component unit has a June 30 fiscal year-end.

##### **Inclusions in the Financial Reporting Entity:**

###### **1. Component Unit:**

###### **a. Westmoreland County School Board:**

The Westmoreland County School Board is elected to four year terms by the County voters. The School Board may hold property and issue debt subject to approval by the Board of Supervisors. The School Board provides public primary and secondary education services to the County residents. The primary funding sources of the School Board are state and federal grants, and appropriations from the County, which are significant since the School Board does not have separate taxing authority. The County also approves the School Board budget. The School Board does not issue separate financial statements.

##### **Exclusions from the Financial Reporting Entity:**

###### **1. Jointly Governed Organizations:**

Jointly governed organizations are regional governments or other multi-governmental arrangements that are governed by representation from each of the governments that create the organizations, and the participants do not retain an ongoing financial interest or responsibility in the organization.

## COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements  
As of June 30, 2023 (Continued)

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

#### A. Financial Reporting Entity (Continued)

##### Exclusions from the Financial Reporting Entity: (Continued)

##### 1. Jointly Governed Organizations: (Continued)

The financial activities of the following organizations are excluded from the accompanying financial statements for the reasons indicated:

##### a. Northern Neck Regional Jail

The Northern Neck Regional Jail is considered a jointly governed organization and therefore its operations are not included in the County's financial statements. The counties of Richmond, Northumberland, Gloucester, and Westmoreland and the Town of Warsaw provide the financial support for the Jail through the assessment of user fees for prisoner care and appoint its governing Board, in which is vested the ability to execute contracts and to budget and expend funds. The Westmoreland County Board of Supervisors appoints two (2) of the seven (7) members of the Jail Board. No one locality contributes more than 50% of the Authority's funding or has oversight responsibility over its operations. The County of Westmoreland acts as fiscal agent for the Authority.

##### b. Rappahannock Regional Library

The Rappahannock Regional Library is considered an intergovernmental (joint) venture and therefore its operations are not included in the County's financial statements. The Counties of Westmoreland, Stafford and Spotsylvania and the City of Fredericksburg provide the financial support for the Library and appoint its governing Board, in which is vested the ability to execute contracts and to budget and to expend funds. The County appoints one (1) of the seven (7) members of the Board. No one locality contributes more than 50% of the Library's funding. The County provided \$506,527 in operating funds to the Library in 2023.

##### c. Middle Peninsula Northern Neck Community Services Board

The Middle Peninsula Northern Neck Community Services Board is considered a jointly governed organization and therefore its operations are not included in the County's financial statements. This organization provides mental health, mental retardation, and substance abuse services to ten counties. The Counties of Essex, King and Queen, King William, Middlesex, Richmond, Mathews, Gloucester, Westmoreland, Lancaster and Northumberland appoint one member each to the Board. The governing board has the ability to execute contracts and to budget and expend funds. No one locality contributes more than 50% of the Board's funding or has oversight responsibility over its operations. Westmoreland County contributed \$72,245 as operating grants to the Middle Peninsula Northern Neck Community Services Board for the fiscal year ended June 30, 2023.

## COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements  
As of June 30, 2023 (Continued)

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)**

#### **A. Financial Reporting Entity (Continued)**

##### **Exclusions from the Financial Reporting Entity: (Continued)**

###### **d. Middle Peninsula Juvenile Detention Commission**

The Middle Peninsula Juvenile Detention Commission is considered a jointly governed organization and therefore its operations are not included in the County's financial statements. Westmoreland County along with 16 other counties appoint one member each to the Board. The governing board has the ability to execute contracts and to budget and expend funds. No one locality contributes more than 50% of the Board's funding or has oversight responsibility over its operations. Westmoreland County contributed \$64,056 to the Middle Peninsula Juvenile Detention Commission for the fiscal year ended June 30, 2023.

###### **Obtaining of Financial Statements for Jointly Governed Organizations**

Complete financial statements of the jointly governed organizations may be obtained by contacting the County of Westmoreland, Virginia County Administrator, P.O. Box 1000, Montross, Virginia 22520-1000.

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

The basic financial statements include both government-wide (based on the County as a whole) and fund financial statements. The focus is on both the County as a whole and the fund financial statements, including the major individual funds of the governmental and business-type categories, as well as the fiduciary funds, (by category) and the component units. Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business type. In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reflected, on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations. Each presentation provides valuable information that can be analyzed and compared (between years and between governments) to enhance the usefulness of the information.

## COUNTY OF WESTMORELAND, VIRGINIA

### Notes to Financial Statements As of June 30, 2023 (Continued)

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)**

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

The government-wide Statement of Activities reflects both the gross and net cost per functional category (public safety, public works, health and welfare, etc.) that are otherwise being supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants, and contributions. The program revenues must be directly associated with the function (public safety, public works, health and welfare, etc.) or a business-type activity. 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, and 2) grants and contributions that are restricted to meeting the operation or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues. The County does not allocate indirect expenses. The operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. Internal service charges if applicable, are eliminated and the net income or loss from internal service activities are allocated to the various functional expense categories based on the internal charges to each function.

In the fund financial statements, financial transactions and accounts of the County are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The fund statements are presented on a current financial resource and modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is presented which briefly explains the adjustment necessary to reconcile the fund financial statements to the governmental column of the government-wide financial statements.

Proprietary fund operating revenues consist of charges for services and related revenues. Nonoperating revenues consist of contributions, grants, investment earnings and other revenues not directly derived from the providing of services.

The County's fiduciary funds are presented in the fund financial statements by type (private purpose, if applicable, and custodial). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements. The following is a brief description of the specific funds used by the County in FY 2023.

# COUNTY OF WESTMORELAND, VIRGINIA

## Notes to Financial Statements As of June 30, 2023 (Continued)

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

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

##### **1. Governmental Funds:**

Governmental Funds account for and report the expendable financial resources, other than those accounted for in Proprietary and Fiduciary Funds. The Governmental Funds utilize the modified accrual basis of accounting where the measurement focus is upon determination of financial position and changes in financial position, rather than upon net income determination as would apply to a commercial enterprise. The individual Governmental Funds are:

- a. General Fund - The General Fund is the primary operating fund of the County. This Fund is used to account for and report all financial resources except those required to be accounted for and reported in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for service, and interest income. A significant part of the General Fund's revenues are used principally to finance the operations of the Component Unit School Board. The General Fund is considered a major fund for reporting purposes.
- b. Special Revenue Funds - Special revenue funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The only special revenue funds are the Placid Bay Sanitary District Fund and the Glebe Harbor Cabin Point Sanitary District Fund. These funds are nonmajor funds.
- c. Capital Projects Funds - The Capital Projects Fund accounts for and reports financial resources that are restricted, committed or assigned to expenditure for capital outlays, except for those financed by proprietary funds or for assets held in trust for individuals, private organizations, or other governments. The General Capital Projects Fund is considered a major fund.

##### **2. Proprietary Funds:**

Proprietary Funds account for operations that are financed in a manner similar to private business enterprises. The Proprietary Funds utilize the accrual basis of accounting where the measurement focus is upon determination of net income, financial position, and changes in financial position. Proprietary Funds consist of Enterprise Funds.

- a. Enterprise Funds - Enterprise Funds account for the financing of services to the general public where all or most of the operating expenses involved are recorded in the form of charges to users of such services. The Enterprise Funds consist of the following fund:
  - Water and Sewer Fund - This fund accounts for income and expenses of the Rt. 3 Corridor, water services, Montross Sewer, Washington District sewer service, Monroe Hall Water System and the Coles Point Sewer Service.

## COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements  
As of June 30, 2023 (Continued)

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

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

##### **3. Fiduciary Funds (Trust and Custodial Funds):**

Fiduciary Funds (Trust and Custodial Funds) account for assets held by a governmental unit in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. Fiduciary funds are not included in the government-wide financial statements. The Fiduciary Funds consist of the following:

##### **a. Custodial Funds:**

- Special Welfare Fund - This fund accounts for monies provided primarily through private donors for assistance of children in foster care and needy senior citizens. This fund is also used to account for monies received from other governments and individuals (i.e., social security and child support) to be paid to special welfare recipients.

##### **4. Component Unit:**

##### Westmoreland County School Board:

The Westmoreland County School Board has the following funds:

##### Governmental Funds:

- School Operating Fund - This fund is the primary operating fund of the School Board and accounts for and reports all revenues and expenditures applicable to the general operations of the public school system. Revenues are derived primarily from charges for services, appropriations from the County of Westmoreland and state and federal grants. The School Operating Fund is considered a major fund of the School Board for financial reporting purposes.

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

- School Activity Fund - This fund accounts for and reports funds collected at the schools in connection with student athletics, clubs, various fundraising activities, and private donations.
- School Cafeteria Fund - This special revenue fund accounts for the operations of the School Board's food service program. Financing is provided primarily by food and beverage sales, and state and federal grants.

##### Custodial Funds:

- Adult Education Program Fund - This fund accounts for the operation of the Northern Neck Regional Alternative Education Program. The Program is a regional program utilized by local school districts for alternative education activities.

## COUNTY OF WESTMORELAND, VIRGINIA

### Notes to Financial Statements As of June 30, 2023 (Continued)

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)**

##### **C. Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using the current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet in the funds statements. Long-term assets and long-term liabilities are included in the government-wide statements. Operating statements of the governmental funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The government-wide statement of net position and statement of activities and all proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these activities are either included on the statement of net position or on the statement of fiduciary net position. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

The statement of net position, statement of activities, financial statements of the Proprietary Funds, and Fiduciary Funds are presented on the accrual basis of accounting. Under this method of accounting, revenues are recognized when earned and expenses are recorded when liabilities are incurred without regard to receipt or disbursement of cash.

The fund financial statements of the General, Special Revenue, and Capital Projects (for the primary government and component unit School Board) are maintained and reported on the modified accrual basis of accounting using the current financial resources measurement focus. Under this method of accounting, revenues are recognized in the period in which they become measurable and available. With respect to real and personal property tax revenue and other local taxes, the term “available” is limited to collection within forty-five days of the fiscal year-end. Levies made prior to the fiscal year-end but which are not available are unavailable. Interest income is recorded as earned. Federal and state reimbursement-type grants are recorded as revenue when related eligible expenditures are incurred and all other grant requirements have been satisfied. Expenditures, other than accrued interest on long-term debt, are recorded when the fund liability is incurred.

## COUNTY OF WESTMORELAND, VIRGINIA

### Notes to Financial Statements As of June 30, 2023 (Continued)

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)**

##### **D. Budgets and Budgetary Accounting**

The Board of Supervisors annually adopts budgets for the various funds of the primary government and component unit School Board. All appropriations are legally controlled at the department level for the primary government funds. The School Board appropriation is determined by the Board of Supervisors and controlled in total by the primary government.

The budgets are integrated into the accounting system, and the budgetary data, as presented in the financial statements for all major funds with annual budgets, compare the expenditures with the amended budgets. All budgets are presented on the modified accrual basis of accounting. Accordingly, the Budgetary Comparison Schedule for the major funds presents actual expenditures in accordance with the accounting principles generally accepted in the United States on a basis consistent with the legally adopted budgets as amended. Unexpended appropriations on annual budgets lapse at the end of each fiscal year.

##### **Encumbrances:**

Encumbrance accounting, the recording of purchase orders, contracts, and other monetary commitments in order to commit an applicable portion of an appropriation, is used as an extension of formal budgetary control in the primary government and component unit School Board. Encumbrances outstanding at year-end are reported as commitments of fund balance and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent fiscal year. These encumbrances are subject to reappropriation by the Board of Supervisors in the succeeding fiscal year.

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

1. Prior to April 1, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating budget and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings and open-houses are conducted to obtain citizen comments. Also, several work sessions between the Board of Supervisors and School Board are conducted on the School Board budget.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the fund, function and departmental level. The appropriation for each fund, function and department can be revised only by the Board of Supervisors. The County Administrator is authorized to transfer budgeted amounts within departments and the School Board is authorized to transfer budgeted amounts within the school system's categories. Supplemental appropriations in addition to the appropriated budget were necessary during the year. Supplemental appropriations may not be made without amending the budget.



## COUNTY OF WESTMORELAND, VIRGINIA

### Notes to Financial Statements As of June 30, 2023 (Continued)

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)**

##### **D. Budgets and Budgetary Accounting: (Continued)**

5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds (except School Funds), General Capital Projects Funds, and Proprietary Funds. The School Operating and School Cafeteria Funds are integrated only at the level of legal adoption.

The County may adopt budgets for other funds, such as the Custodial Funds, for use as a management control device over such funds. Capital Project and County Facility budgets are adopted at the time the project is approved and the construction contract awarded. Any unexpended current year appropriations are reappropriated in the ensuing fiscal year(s) until the project is completed.

6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. All appropriations lapse on June 30, for all County and School Board funds.
8. All budgetary data presented in the accompanying financial statements is the original budget as of June 30, 2023, as adopted, appropriated and legally amended.
9. The expenditure budget is enacted through an annual appropriations ordinance. Appropriations are made at the departmental level for the primary government and at the function level for the School Board. State law requires that if budget amendments exceed 1% of the original adopted budget the Board of Supervisors may legally amend the budget only by following procedures used in the adoption of the original budget.

##### **E. Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

##### **F. Investments**

Investments are reported at fair value.

##### **G. Allowance for Uncollectible Accounts**

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$747,718 at June 30, 2023 and is comprised of the following:

General Fund--taxes receivable	\$ 611,876
Water and Sewer Fund--accounts receivable	135,842
Total	<u>\$ 747,718</u>

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements  
As of June 30, 2023 (Continued)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)**

**H. Prepaid Items**

Prepaid items are reported on the consumption method.

**I. Capital Assets**

Capital assets are tangible and intangible assets, which include property, plant, equipment, lease, subscription and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets, except for infrastructure assets, are defined by the County and Component Unit School Board as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. The County and Component Unit School Board do not have any infrastructure in its capital assets since roads, streets, bridges and similar assets within its boundaries are property of the Commonwealth of Virginia. Depreciation is recorded on capital assets on a government-wide basis using the straight-line method and the following estimated useful lives:

Building and improvements	10 to 40 years
Furniture and other equipment	3 to 20 years
Lease Equipment	3 to 5 years

To the extent the County’s capitalization threshold of \$5,000 is met and the asset has an estimated life in excess of two years, capital outlays of the Proprietary Funds are recorded as capital assets and depreciated over their estimated useful lives on a straight-line basis on both the funds basis and the government-wide basis using the straight-line method and the following estimated useful lives:

Buildings and systems	10 to 50 years
Equipment	5 to 10 years
Intangibles	20 to 40 years

All capital assets are valued at historical cost or estimated historical cost if actual cost was not available (except for intangible right-to-use lease and subscription assets, the measurement of which is discussed in more detail below). Donated capital assets are valued at their acquisition value on the date donated. The County and School Board do not capitalize historical treasures or works of art.

Maintenance, repairs, and minor equipment are charged to operations when incurred. Expenses that materially change capacities or extend useful lives are capitalized. Upon sale or retirement of land, buildings, and equipment, the cost and related accumulated depreciation, if applicable, are eliminated from the respective accounts and any resulting gain or loss is included in the results of operations.

## COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements  
As of June 30, 2023 (Continued)

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)**

#### **J. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has one item that qualify for reporting in this category. It is comprised of certain items related to pension and OPEB. For more detailed information on these items, reference the related notes.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has multiple 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 2<sup>nd</sup> half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, amounts prepaid on the 2<sup>nd</sup> half installments are reported as deferred inflows of resources. In addition, certain items related to opioid settlement, pension, OPEB, and leases are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

#### **K. Compensated Absences**

The County and Component Unit School Board accrue compensated absences (annual and sick leave benefits) when vested. The amounts include all balances earned by employees which would be paid upon employee terminations, resignations or retirements.

An estimate of ten percent of the liability has been classified as current in the government-wide financial statements.

#### **L. Pensions:**

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

#### **M. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

## COUNTY OF WESTMORELAND, VIRGINIA

### Notes to Financial Statements As of June 30, 2023 (Continued)

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)**

##### **N. Long-Term Obligations**

The County reports long-term obligations at face value. The face value of the obligations is believed to approximate fair value.

##### **O. Net Position**

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

##### **P. Net Position Flow Assumption**

Sometimes the County will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide and proprietary fund 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.

##### **Q. Fund Equity**

In governmental fund types, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called "fund balance." 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 are either not in spendable form (such as inventory and prepaids) or are legally or contractually required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; 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 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.

# COUNTY OF WESTMORELAND, VIRGINIA

## Notes to Financial Statements As of June 30, 2023 (Continued)

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

#### Q. Fund Equity: (Continued)

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 as they are needed.

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 at year end, is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the Board of Supervisors or the County Administrator.

In the general fund, the County strives to maintain an unassigned fund balance to be used for unanticipated emergencies of 15% of the actual GAAP basis expenditures/operating revenues.

The details of governmental fund balances, as presented in aggregate on Exhibit 3, are as follows:

	General Fund	General Capital Projects Fund	Other Governmental Funds	Total
<b>Fund Balances:</b>				
<b>Nonspendable:</b>				
Leases	\$ 2,701	\$ -	\$ -	\$ 2,701
<b>Total Nonspendable Fund Balance</b>	<u>\$ 2,701</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,701</u>
<b>Restricted:</b>				
Placid bay sanitary district	\$ -	\$ -	\$ 49,631	\$ 49,631
Opioid settlement	66,473	-	-	66,473
Underground tanks	20,000	-	-	20,000
Other purposes	31,912	-	-	31,912
<b>Total Restricted Fund Balance</b>	<u>\$ 118,385</u>	<u>\$ -</u>	<u>\$ 49,631</u>	<u>\$ 168,016</u>
<b>Committed:</b>				
Placid bay sanitary district	\$ -	\$ -	\$ 1,003,004	\$ 1,003,004
Glebe Harbor Cabin Point Sanitary District	-	-	253,289	253,289
Financial software	439,866	-	-	439,866
Fire and rescue	114,707	-	-	114,707
Education	1,785,600	-	-	1,785,600
Other purposes	69,341	-	-	69,341
<b>Total Committed Fund Balance</b>	<u>\$ 2,409,514</u>	<u>\$ -</u>	<u>\$ 1,256,293</u>	<u>\$ 3,665,807</u>
<b>Assigned:</b>				
Fire and rescue	\$ 357,318	\$ -	\$ -	\$ 357,318
Capital projects	1,375,347	384,765	-	1,760,112
Reassessment	337,500	-	-	337,500
Other purposes	2,486,272	-	-	2,486,272
<b>Total Assigned Fund Balance</b>	<u>\$ 4,556,437</u>	<u>\$ 384,765</u>	<u>\$ -</u>	<u>\$ 4,941,202</u>
<b>Unassigned</b>	<u>\$ 9,934,745</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,934,745</u>
<b>Total Fund Balances</b>	<u><u>\$ 17,021,782</u></u>	<u><u>\$ 384,765</u></u>	<u><u>\$ 1,305,924</u></u>	<u><u>\$ 18,712,471</u></u>

## COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements  
As of June 30, 2023 (Continued)

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)**

#### **R. Other Postemployment Benefits (OPEB):**

For purposes of measuring the net VRS related OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to the OPEB, and OPEB expense, information about the fiduciary net position of the VRS GLI, HIC and Teacher HIC OPEB Plans and the additions to/deductions from the VRS OPEB Plans' net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

#### **S. Leases and Subscription-Based IT Arrangements:**

The County has various lease assets and subscription-based IT arrangements (SBITAs) requiring recognition. A lease is a contract that conveys control of the right to use another entity's nonfinancial asset. Lease recognition does not apply to short-term leases, contracts that transfer ownership, leases of assets that are investments, or certain regulated leases. A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

##### *Lessee*

The County recognizes lease liabilities and intangible right-to-use lease assets (lease assets) with an initial value of \$5,000, individually or in the aggregate in the government-wide financial statements. At the commencement of the lease, the lease liability is measured at the present value of payments expected to be made during the lease term (less any lease incentives). The lease liability is reduced by the principal portion of payments made. The lease asset is measured at the initial amount of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. The lease asset is amortized over the shorter of the lease term or the useful life of the underlying asset.

##### *Lessor*

The County recognizes leases receivable and deferred inflows of resources in the government-wide and governmental fund financial statements. At commencement of the lease, the lease receivable is measured at the present value of lease payments expected to be received during the lease term, reduced by any provision for estimated uncollectible amounts. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is measured at the initial amount of the lease receivable, less lease payments received from the lessee at or before the commencement of the lease term (less any lease incentives).

##### *Subscriptions*

The County recognizes intangible right-to-use subscription assets (subscription assets) and corresponding subscription liabilities with an initial value of \$5,000, in individually or in the aggregate, in the government-wide financial statements. At the commencement of the subscription, the subscription liability is measured at the present value of payments expected to be made during the subscription liability term (less any contract incentives). The subscription liability is reduced by the principal portion of payments made. The subscription asset is measured at the initial amount of the subscription liability payments made to the SBITA vendor before commencement of the subscription term, and capitalizable implementation costs, less any incentives received from the SBITA vendor at or before vendor at or before the commencement of the subscription term. The subscription asset is amortized over the shorter of the subscription term or the useful life of the underlying IT asset.

## COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements  
As of June 30, 2023 (Continued)

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)**

#### **S. Leases and Subscription-Based IT Arrangements: (Continued)**

##### *Key Estimates and Judgments*

Lease and subscription-based IT arrangement accounting includes estimates and judgments for determining the (1) rate used to discount the expected lease and subscription payments to present value, (2) lease and subscription term, and (3) lease and subscription payments.

- The County uses the interest rate stated in lease or subscription contracts. When the interest rate is not provided or the implicit rate cannot be readily determined, the County uses its estimated incremental borrowing rate as the discount rate for leases and subscriptions.
- The lease and subscription terms include the noncancellable period of the lease or subscription and certain periods covered by options to extend to reflect how long the lease or subscription is expected to be in effect, with terms and conditions varying by the type of underlying asset.
- Fixed and certain variable payments as well as lease or subscription incentives and certain other payments are included in the measurement of the lease receivable (lessor), lease liability (lessee) or subscription liability.

The County monitors changes in circumstances that would require a remeasurement or modification of its leases and subscriptions. The County will remeasure the lease receivable and deferred inflows of resources (lessor), the lease asset and liability (lessee) or the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the lease receivable, lease liability or subscription liability.

#### **T. Adoption of Accounting Principles:**

The County implemented provisions of Governmental Accounting Standards Board Statement No. 96, Subscription-Based IT Arrangements (SBITAs) during the fiscal year ended June 30, 2023. Statement No. 96, SBITAs requires recognition of certain subscription assets and liabilities for certain contracts that convey control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. No restatement of beginning net position was required as a result of this implementation.

### **NOTE 2 - DEPOSITS AND INVESTMENTS:**

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

Statutes authorize local governments and other public bodies to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper that has received at least two of the following ratings: P-1 by Moody's Investors Service, Inc.; A-1 by Standard & Poor's; or F1 by Fitch Ratings,

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements  
As of June 30, 2023 (Continued)

NOTE 2 - DEPOSITS AND INVESTMENTS: (Continued)

Inc. (Section 2.2-4502), banker’s acceptances, repurchase agreements, and the State Treasurer’s Local Government Investment Pool (LGIP).

Custodial Credit Risk (Investments)

The County’s investments at June 30, 2023 were held in the County’s name by the County’s custodial bank.

The County’s investment policy stipulates that U.S. dollar denominated commercial paper issued by an entity incorporated in the U.S. must be rated at least A-1 by Standard & Poor Corp. and P-1 by Moody’s

Investors Service. The policy also stipulates that U.S. dollar denominated Corporate Notes and Bonds must have a rating of at least A by Standard & Poor Corp. and by Moody’s Investors Service.

Credit Risk of Debt Securities

The County’s rated debt investments as of June 30, 2023 were rated by *Standard & Poor’s* and/or an equivalent national rating organization and the ratings are presented below using the *Standard & Poor’s* rating scale.

County's Rated Debt Investments' Values	
Rated Debt Investments	Fair Quality Ratings
	AA+
U.S. Treasuries	\$ 5,913,602
Total	\$ 5,913,602

Concentration of Credit Risk

The County’s investment policy contains several stipulations concerning the amount of funds that can be invested. Not more than 40% of the total funds available for investment may be invested in bankers’ acceptances. Not more than 35% of the total funds available for investment may be invested in commercial paper, and not more than 5% in the obligations of any one issuer.

Interest Rate Risk

The County’s investment policy contains certain guidelines concerning interest rate risk. Funds must be invested at all times in keeping with the seasonal pattern of the County’s cash balances. County personnel must monitor and update cash flow projections to be communicated to the investment managers. A minimum of 10% of the portfolio must be invested in securities maturing within 30 days, and a minimum of 50% of the portfolio must be invested in securities maturing within 24 months.



## COUNTY OF WESTMORELAND, VIRGINIA

### Notes to Financial Statements As of June 30, 2023 (Continued)

#### **NOTE 2 - DEPOSITS AND INVESTMENTS: (Continued)**

The interest rate risk is summarized below:

<b>County's Rated Debt Investments' Values</b>	
<b>Rated Debt Investments</b>	<b>Fair Quality Ratings</b>
	<b>AA+</b>
U.S. Treasuries	\$ 5,913,602
Total	\$ 5,913,602

#### **NOTE 3 - FAIR VALUE MEASUREMENTS:**

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 City 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.

The County has the following recurring fair value measurements as of June 30, 2023:

<b>Investment</b>	<b>June 30, 2023</b>	<b>Fair Value</b>
		<b>Measurement Using Quoted Prices in Active Markets For Identical Assets (Level 1)</b>
U.S. Treasuries	\$ 5,913,602	\$ 5,913,602
Total	\$ 5,913,602	\$ 5,913,602

## COUNTY OF WESTMORELAND, VIRGINIA

### Notes to Financial Statements As of June 30, 2023 (Continued)

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#### **NOTE 4 - PROPERTY TAXES:**

Real property taxes are assessed on property values as of January 1, and attach as an enforceable lien on property as of the date levied by the Board of Supervisors. Personal property taxes are assessed on a prorated basis for the period the property is located in the County and also attach as an enforceable lien on the property.

Real estate and personal property taxes are due on December 5.

A ten percent penalty is levied on all taxes not collected on or before their due date. An interest charge of ten percent per annum is also levied on such taxes beginning on their due date.

Property taxes for calendar year 2022 were levied by the County Board of Supervisors on May 1, 2022, on the assessed value listed as of January 1, 2022.

Property taxes levied in the prior year have been recorded as receivables as of the date the County has the legal right to receive payments thereon. The receivables collected during the fiscal year and during the first 45 days of the succeeding fiscal year are recognized as revenues in the current fiscal year.

Taxes receivable as of the end of the year (June 30) and not collected until the succeeding year are reported as unavailable revenues.

On April 18, 2000 the County adopted a resolution which established a separate tax district to pay all or any portion of the County's expenditures for operating the Westmoreland County school division. This resulted in two separate sets of tax rates. One set of rates for taxpayers residing in the area of the Town of Colonial Beach, and a different set of rates for those residing in the remainder of the County. For calendar year 2021 the rates per \$100 of assessed value were as follows:

	<u>Colonial Beach</u>	<u>Placid Bay Sanitary District</u>	<u>All Other</u>
Real Estate	0.47	0.06	0.76
Personal Property	2.06	N/A	3.75
Machinery and Tools	N/A	N/A	2.00
Merchants Capital	0.24	N/A	0.96

In addition to the aforementioned property taxes the County assesses a road user fee of \$200 per lot for lots in the Placid Bay Sanitary District pursuant to Code of Virginia section 21-119 and a recreational fee of \$200 per lot for lots in the Glebe Harbor-Cabin Point Sanitary District pursuant to Code of Virginia section 21-118.4.

## COUNTY OF WESTMORELAND, VIRGINIA

### Notes to Financial Statements As of June 30, 2023 (Continued)

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#### **NOTE 5 - RECEIVABLES:**

##### Accounts Receivable:

Receivables at June 30, 2023 consist of the following:

	<b>Primary Government Governmental Activities</b>	<b>Business- type Activities</b>	<b>Component Unit School Board</b>
	<b>General</b>		
Property taxes	\$ 2,291,170	\$ -	\$ -
Utility taxes	29,766	-	-
Water and sewer charges	-	237,718	-
Other	409,485	-	29,429
Total	\$ 2,730,421	\$ 237,718	\$ 29,429
Allowance for uncollectibles	(611,876)	(135,842)	-
Net receivables	\$ 2,118,545	\$ 101,876	\$ 29,429

##### Leases Receivable:

The County has various leases related to telecommunications equipment at discount rates of 3.00%. Payments on the leases run through 2024. Leases receivable at June 30, 2023 totaled \$101,063 with corresponding deferred inflows of resources totaling \$98,362. Lease revenue totaled \$68,987 for the year ended June 30, 2023. Lease interest revenue totaled \$4,091 for the year ended June 30, 2023.

## COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements  
As of June 30, 2023 (Continued)

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### NOTE 6 - DUE FROM OTHER GOVERNMENTAL UNITS:

At June 30, 2023:

	<u>Governmental Activities</u>	<u>Component Unit</u>
	<u>General</u>	<u>School Board</u>
<b>Commonwealth of Virginia:</b>		
Local sales taxes	\$ 368,474	\$ -
Communication taxes	70,113	-
State sales taxes	-	381,619
Social Services	113,769	-
Comprehensive Services Act	219,331	-
Shared expenses and grants	168,492	-
Other	263,923	154,045
Federal pass-through school funds	-	1,567,949
Total	\$ <u>1,204,102</u>	\$ <u>2,103,613</u>

### NOTE 8 - DUE TO OTHER GOVERNMENTAL UNITS:

At June 30, 2023:

	<u>Governmental Activities</u>	<u>Component Unit</u>
	<u>General</u>	<u>School Board</u>
<b>Town of Colonial Beach:</b>		
Sales tax	\$ 83,644	\$ 112,023
<b>Town of Montross:</b>		
Sales tax	5,748	-
Total	\$ <u>89,392</u>	\$ <u>112,023</u>

# COUNTY OF WESTMORELAND, VIRGINIA

## Notes to Financial Statements As of June 30, 2023 (Continued)

### NOTE 9 - CAPITAL ASSETS:

The following is a summary of the changes in capital assets for the year:

#### Primary Government:

	<u>Balance July 1, 2022</u>		<u>Increases</u>		<u>Decreases</u>		<u>Balance June 30, 2023</u>
<b>Governmental activities:</b>							
Capital assets not being depreciated:							
Land	\$ 2,348,318	\$	2,674,902	\$	-	\$	5,023,220
Construction in Progress	<u>56,391,744</u>		<u>3,167,739</u>		<u>58,771,240</u>		<u>788,243</u>
Total capital assets not being depreciated	\$ <u>58,740,062</u>	\$	<u>5,842,641</u>	\$	<u>58,771,240</u>	\$	<u>5,811,463</u>
Other capital assets:							
Buildings and improvements	\$ 22,625,298	\$	51,932,856	\$	-	\$	74,558,154
Machinery, equipment and vehicles	9,263,654		8,064,508		281,367		17,046,795
Lease equipment	27,243		6,123		-		33,366
Jointly owned assets	<u>595,000</u>		<u>-</u>		<u>115,000</u>		<u>480,000</u>
Total other capital assets	\$ <u>32,511,195</u>	\$	<u>60,003,487</u>	\$	<u>396,367</u>	\$	<u>92,118,315</u>
Accumulated depreciation:							
Buildings and improvements	\$ 8,420,901	\$	519,815	\$	-	\$	8,940,716
Machinery, equipment and vehicles	4,678,501		1,081,044		118,819		5,640,726
Lease equipment	4,715		9,541		-		14,256
Jointly owned assets	<u>263,028</u>		<u>24,000</u>		<u>58,500</u>		<u>228,528</u>
Total accumulated depreciation	\$ <u>13,367,145</u>	\$	<u>1,634,400</u>	\$	<u>177,319</u>	\$	<u>14,824,226</u>
Other capital assets, net	\$ <u>19,144,050</u>	\$	<u>58,369,087</u>	\$	<u>219,048</u>	\$	<u>77,294,089</u>
Net capital assets	\$ <u><u>77,884,112</u></u>	\$	<u><u>64,211,728</u></u>	\$	<u><u>58,990,288</u></u>	\$	<u><u>83,105,552</u></u>
Depreciation is allocated to:							
General government administration		\$	398,685				
Judicial administration			5,309				
Public safety			690,935				
Health and welfare			1,114				
Education			24,000				
Public works			367,679				
Parks and recreation			146,678				
Community Development			<u>-</u>				
Total governmental activities		\$	<u><u>1,634,400</u></u>				

# COUNTY OF WESTMORELAND, VIRGINIA

## Notes to Financial Statements As of June 30, 2023 (Continued)

### NOTE 9 - CAPITAL ASSETS: (Continued)

#### Primary Government: (Continued)

	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023
<b>Business-type Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 932,579	\$ -	\$ -	\$ 932,579
Construction in progress	-	35,367	-	35,367
Total capital assets not being depreciated	\$ 932,579	\$ 35,367	\$ -	\$ 967,946
Other capital assets:				
Buildings and systems	\$ 39,109,385	\$ -	\$ -	\$ 39,109,385
Intangible assets	1,209,113	778,407	-	1,987,520
Machinery and equipment	354,953	-	-	354,953
Total other capital assets	\$ 40,673,451	\$ 778,407	\$ -	\$ 41,451,858
Accumulated depreciation:				
Buildings and systems	\$ 10,926,299	\$ 933,102	\$ -	\$ 11,859,401
Intangible assets	443,606	36,586	-	480,192
Machinery and equipment	270,347	31,840	-	302,187
Total accumulated depreciation	\$ 11,640,252	\$ 1,001,528	\$ -	\$ 12,641,780
Other capital assets, net	\$ 29,033,199	\$ (223,121)	\$ -	\$ 28,810,078
Net capital assets	\$ 29,965,778	\$ (187,754)	\$ -	\$ 29,778,024

# COUNTY OF WESTMORELAND, VIRGINIA

## Notes to Financial Statements As of June 30, 2023 (Continued)

### NOTE 9 - CAPITAL ASSETS: (Continued)

#### Component Unit-School Board:

	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023
Capital assets not being depreciated:				
Land	\$ 258,916	\$ -	\$ -	\$ 258,916
Construction in Progress	7,242,171	1,300,007	4,240,664	4,301,514
Total capital assets not being depreciated	\$ 7,501,087	\$ 1,300,007	\$ 4,240,664	\$ 4,560,430
Other capital assets:				
Buildings	\$ 18,988,857	\$ 2,825,522	\$ -	\$ 21,814,379
Machinery, equipment and vehicles	6,979,394	3,587,799	476,764	10,090,429
Leased equipment	110,150	-	-	110,150
Subscription assets	-	39,176	-	39,176
Total other capital assets	\$ 26,078,401	\$ 6,452,497	\$ 476,764	\$ 32,054,134
Accumulated depreciation:				
Buildings	\$ 14,435,871	\$ 580,768	\$ -	\$ 15,016,639
Machinery, equipment and vehicles	4,698,794	190,829	476,764	4,412,859
Leased equipment	25,189	29,462	-	54,651
Subscription assets	-	13,975	-	13,975
Total accumulated depreciation	\$ 19,159,854	\$ 815,034	\$ 476,764	\$ 19,498,124
Other capital assets, net	\$ 6,918,547	\$ 5,637,463	\$ -	\$ 12,556,010
Net capital assets	\$ 14,419,634	\$ 6,937,470	\$ 4,240,664	\$ 17,116,440
Depreciation is allocated to education		\$ 801,059		
Depreciation expense		\$ 756,534		
Transfer of accumulated depreciation on jointly owned assets		58,500		
Total increases in accumulated depreciation above		\$ 815,034		

Legislation enacted during the year ended June 30, 2002, Section 15.2-1800.1 of the Code of Virginia, 1950, as amended, changed the reporting of local school capital assets and related debt for financial statement purposes. Historically, debt incurred by local governments on-behalf of school boards was reported in the school board's discrete column along with the related capital assets. Under the law, local governments have a tenancy in common with the school board whenever the locality incurs any financial obligation for any school property which is payable over more than one fiscal year. For financial reporting purposes, the legislation permits the locality to report the portion of school property related to any outstanding financial obligation eliminating any potential deficit from capitalizing assets financed with debt. The effect on the School Board of Westmoreland, Virginia for the year ended June 30, 2023 is that school financed assets in the amount of \$480,000 are reported in the Primary Government for financial reporting purposes.

## COUNTY OF WESTMORELAND, VIRGINIA

### Notes to Financial Statements As of June 30, 2023 (Continued)

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#### **NOTE 10 - PENSION PLAN:**

##### ***Plan Description***

All full-time, salaried permanent employees of the County and (nonprofessional) employees of public school divisions are automatically covered by a VRS Retirement Plan upon employment. This is an agent multiple-employer plan administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the Code of Virginia, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

##### ***Benefit Structures***

The System administers three different benefit structures for covered employees - Plan 1, Plan 2 and Hybrid. Each of these benefit structures has different eligibility criteria, as detailed below.

- a. Employees with a membership date before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- b. Employees with a membership date from July 1, 2010 to December 31, 2013, that have not taken a refund or employees with a membership date prior to July 1, 2010 and not vested before January 1, 2013, are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age plus service equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- c. Non-hazardous duty employees with a membership date on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 - April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service equal 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.



## COUNTY OF WESTMORELAND, VIRGINIA

### Notes to Financial Statements As of June 30, 2023 (Continued)

#### **NOTE 10 - PENSION PLAN: (Continued)**

##### ***Average Final Compensation and Service Retirement Multiplier***

The VRS defined benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee's average final compensation multiplied by the employee's total service credit. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation and the multiplier is 1.70% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% or 1.85% for hazardous duty employees as elected by the employer. Under Plan 2, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the retirement multiplier is 1.65% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% or 1.85% for hazardous duty employees as elected by the employer. Under the Hybrid Plan, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the multiplier 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.

##### ***Cost-of-Living Adjustment (COLA) in Retirement and Death and Disability Benefits***

Retirees with an unreduced benefit or with a reduced benefit with at least 20 years of service credit are eligible for an annual COLA beginning July 1 after one full calendar year from the retirement date. Retirees with a reduced benefit and who have less than 20 years of service credit are eligible for an annual COLA beginning on July 1 after one calendar year following the unreduced retirement eligibility date. Under Plan 1, the COLA cannot exceed 5.00%. Under Plan 2 and the Hybrid Plan, the COLA cannot exceed 3.00%. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia, as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

##### ***Employees Covered by Benefit Terms***

As of the June 30, 2021 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<b>Primary Government</b>	<b>Component Unit School Board (Nonprofessional)</b>
Inactive members or their beneficiaries currently receiving benefits	105	55
Inactive members:		
Vested inactive members	20	10
Non-vested inactive members	34	10
Inactive members active elsewhere in VRS	65	3
Total inactive members	119	23
Active members	156	32
Total covered employees	380	110

## COUNTY OF WESTMORELAND, VIRGINIA

### Notes to Financial Statements As of June 30, 2023 (Continued)

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#### **NOTE 10 - PENSION PLAN: (Continued)**

##### ***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 by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement.

The County's contractually required contribution rate for the year ended June 30, 2023 was 11.69% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

This 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. Contributions to the pension plan from the County were \$972,117 and \$810,017 for the years ended June 30, 2023 and June 30, 2022, respectively.

The Component Unit School Board's contractually required contribution rate for nonprofessional employees for the year ended June 30, 2023 was 12.94% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

This 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. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were \$88,637 and \$97,209 for the years ended June 30, 2023 and June 30, 2022, respectively.

##### ***Net Pension Liability***

The net pension asset/liability (NPL) is calculated separately for each employer and represents that particular employer's total pension asset/liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. The County's and Component Unit School Board's (nonprofessional) net pension asset/liabilities were measured as of June 30, 2022. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2021, rolled forward to the measurement date of June 30, 2022.

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements  
As of June 30, 2023 (Continued)

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**NOTE 10 - PENSION PLAN: (Continued)**

*Actuarial Assumptions - General Employees*

The total pension liability for General Employees in the County’s and Component Unit School Board’s (nonprofessional) Retirement Plan was 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.

Inflation	2.50%
Salary increases, including inflation	3.50% - 5.35%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation

**Mortality 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
- 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

## COUNTY OF WESTMORELAND, VIRGINIA

### Notes to Financial Statements As of June 30, 2023 (Continued)

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#### **NOTE 10 - PENSION PLAN: (Continued)**

##### ***Actuarial Assumptions - General Employees: (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:

##### **Largest 10 - Non-Hazardous Duty:**

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

##### ***Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits***

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the County's Retirement Plan was 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.

Inflation	2.50%
Salary increases, including inflation	3.50% - 4.75%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation

## COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements  
As of June 30, 2023 (Continued)

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### NOTE 10 - PENSION PLAN: (Continued)

#### *Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits (Continued)*

Mortality 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

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:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased 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
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

## COUNTY OF WESTMORELAND, VIRGINIA

### Notes to Financial Statements As of June 30, 2023 (Continued)

#### NOTE 10 - PENSION PLAN: (Continued)

##### *Long-Term Expected Rate of Return*

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

<u>Asset Class (Strategy)</u>	<u>Long-Term Target Asset Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return*</u>
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	<u>100.00%</u>		<u>5.33%</u>
		Inflation	<u>2.50%</u>
		Expected arithmetic nominal return*	<u>7.83%</u>

\*The above allocation provides a one-year expected return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These 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 return of 6.75% which was roughly at the 40<sup>th</sup> 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 of 2.50%.

##### *Discount Rate*

The discount rate used to measure the total pension liability 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

# COUNTY OF WESTMORELAND, VIRGINIA

## Notes to Financial Statements As of June 30, 2023 (Continued)

### NOTE 10 - PENSION PLAN: (Continued)

#### Discount Rate (Continued)

equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the County and Component Unit School Board (nonprofessional) was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2023, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2021 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2022, the rate contributed by the school division for the VRS Teacher Retirement Plan was 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 divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

#### Changes in Net Pension Liability

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2021	\$ 30,722,010	\$ 31,834,072	\$ (1,112,062)
Changes for the year:			
Service cost	\$ 927,316	\$ -	\$ 927,316
Interest	2,077,383	-	2,077,383
Changes of assumptions	-	-	-
Differences between expected and actual experience	(222,572)	-	(222,572)
Contributions - employer	-	807,514	(807,514)
Contributions - employee	-	387,048	(387,048)
Net investment income	-	(42,462)	42,462
Benefit payments, including refunds of employee contributions	(1,746,574)	(1,746,574)	-
Administrative expenses	-	(19,795)	19,795
Other changes	-	734	(734)
Net changes	\$ 1,035,553	\$ (613,535)	\$ 1,649,088
Balances at June 30, 2022	\$ 31,757,563	\$ 31,220,537	\$ 537,026

# COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements  
As of June 30, 2023 (Continued)

## NOTE 10 - PENSION PLAN: (Continued)

### Changes in Net Pension Liability

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2021	\$ 5,183,596	\$ 4,859,648	\$ 323,948
Changes for the year:			
Service cost	\$ 78,709	\$ -	\$ 78,709
Interest	346,255	-	346,255
Changes of assumptions	-	-	-
Differences between expected and actual experience	(255,377)	-	(255,377)
Contributions - employer	-	97,210	(97,210)
Contributions - employee	-	34,826	(34,826)
Net investment income	-	(4,076)	4,076
Benefit payments, including refunds of employee contributions	(265,203)	(265,203)	-
Administrative expenses	-	(3,046)	3,046
Other changes	-	111	(111)
Net changes	\$ (95,616)	\$ (140,178)	\$ 44,562
Balances at June 30, 2022	\$ 5,087,980	\$ 4,719,470	\$ 368,510

### Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the County and Component Unit School Board (nonprofessional) using the discount rate of 6.75%, as well as what the County's and Component Unit School Board's (nonprofessional) net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	(5.75%)	(6.75%)	(7.75%)
County Net Pension Liability (Asset)	\$ 4,616,475	\$ 537,026	\$ (2,802,525)
Component Unit School Board (nonprofessional) Net Pension Liability (Asset)	\$ 892,468	\$ 368,510	\$ (69,346)



# COUNTY OF WESTMORELAND, VIRGINIA

## Notes to Financial Statements As of June 30, 2023 (Continued)

### NOTE 10 - PENSION PLAN: (Continued)

#### *Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

For the year ended June 30, 2023, the County and Component Unit School Board (nonprofessional) recognized pension expense of \$247,582, and (\$87,887), respectively. At June 30, 2023, the County and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit School Board (Nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 12,062	\$ 583,978	\$ -	\$ 86,253
Change of assumptions	365,852	-	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,313	1,313	-	-
Net difference between projected and actual earnings on pension plan investments	-	912,108	-	141,470
Employer contributions subsequent to the measurement date	972,117	-	86,768	-
Total	\$ 1,351,344	\$ 1,497,399	\$ 86,768	\$ 227,723

\$972,117 and \$86,768 reported as deferred outflows of resources related to pensions resulting from the County's and Component Unit School Board's (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

## COUNTY OF WESTMORELAND, VIRGINIA

### Notes to Financial Statements As of June 30, 2023 (Continued)

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#### **NOTE 10 - PENSION PLAN: (Continued)**

<u>Year ended June 30</u>	<u>Primary Government</u>	<u>Component Unit School Board (Nonprofessional)</u>
2024	\$ (473,977)	\$ (140,614)
2025	(444,701)	(57,148)
2026	(633,890)	(95,462)
2027	434,396	65,501
2028	-	-
Thereafter	-	-

#### ***Pension Plan Data***

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <https://www.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.

#### **Component Unit School Board (professional)**

##### ***Plan Description***

All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Retirement Plan upon employment. This is a cost-sharing multiple employer plan administered by the Virginia Retirement System (the system). Additional information related to the plan description is included in the first section of this note.

##### ***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 provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each school division's contractually required employer contribution rate for the year ended June 30, 2023 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$1,731,258 and \$1,635,619 for the years ended June 30, 2023 and June 30, 2022, respectively.

In June 2022, the Commonwealth made a special contribution of approximately \$442.4 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.

## COUNTY OF WESTMORELAND, VIRGINIA

### Notes to Financial Statements As of June 30, 2023 (Continued)

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#### NOTE 10 - PENSION PLAN: (Continued)

##### Component Unit School Board (professional) (Continued)

##### *Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

At June 30, 2023, the school division reported a liability of \$10,482,179 for its proportionate share of the Net Pension Liability. 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 performed as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the school division's proportion was .11010% as compared to .11403% at June 30, 2021.

For the year ended June 30, 2023, the school division recognized pension expense of \$345,517. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions. Beginning with the June 30, 2022 measurement date, the difference between expected and actual contributions is included with the pension expense calculation.

At June 30, 2023, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 722,788
Change of assumptions	988,258	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	160,435	809,482
Net difference between projected and actual earnings on pension plan investments	-	1,366,657
Employer contributions subsequent to the measurement date	<u>1,731,258</u>	<u>-</u>
Total	<u>\$ 2,879,951</u>	<u>\$ 2,898,927</u>

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements  
As of June 30, 2023 (Continued)

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NOTE 10 - PENSION PLAN: (Continued)

Component Unit School Board (professional) (Continued)

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: (Continued)*

\$1,731,258 reported as deferred outflows of resources related to pensions resulting from the school division’s contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	
2024	\$ (623,564)
2025	(621,227)
2026	(1,037,161)
2027	531,718
2028	-
Thereafter	-

*Actuarial Assumptions*

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2020, 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, 2021.

Inflation	2.50%
Salary increases, including inflation	3.50% - 5.95%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation

## COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements  
As of June 30, 2023 (Continued)

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### NOTE 10 - PENSION PLAN: (Continued)

#### Component Unit School Board (professional) (Continued)

##### *Actuarial Assumptions: (Continued)*

##### Mortality rates:

###### 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:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted 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
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

## COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements  
As of June 30, 2023 (Continued)

### NOTE 10 - PENSION PLAN: (Continued)

#### Component Unit School Board (Professional) (Continued)

##### *Net Pension Liability*

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2022, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

		<u>Teacher Employee Retirement Plan</u>
Total Pension Liability	\$	54,732,329
Plan Fiduciary Net Position		<u>45,211,731</u>
Employers' Net Pension Liability (Asset)	\$	<u>9,520,598</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		82.61%

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

The long-term expected rate of return and discount rate information previously described also apply to this plan.

##### ***Sensitivity of the School Division's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate***

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

	<u>Rate</u>		
	<u>(5.75%)</u>	<u>(6.75%)</u>	<u>(7.75%)</u>
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset)	\$ 18,721,974	\$ 10,482,179	\$ 3,773,174

## COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements  
As of June 30, 2023 (Continued)

### NOTE 10 - PENSION PLAN: (Continued)

#### Component Unit School Board (Professional) (Continued)

##### *Pension Plan Fiduciary Net Position*

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.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.

##### *Aggregate Pension Information*

	Primary Government			
	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
RS Pension Plans:				
Primary Government	\$ 1,351,344	\$ 1,497,399	\$ 537,026	\$ 247,582
	Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
School Board Nonprofessional	\$ 86,768	\$ 227,723	\$ 368,510	\$ 87,887
School Board Professional	2,879,951	2,898,927	10,482,179	354,517
Totals	\$ 2,966,719	\$ 3,126,650	\$ 10,850,689	\$ 442,404

### NOTE 11 - COMPENSATED ABSENCES:

The County and its component unit have accrued the liability arising from all outstanding compensated absences. The liability for future vacation and sick leave benefits is accrued when such benefits meet certain conditions. See note 12 for details of changes.

# COUNTY OF WESTMORELAND, VIRGINIA

## Notes to Financial Statements As of June 30, 2023 (Continued)

### NOTE 12 - LONG TERM OBLIGATIONS:

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

	Balance July 1, 2022	Issuances/ Increases	Retirements/ Decreases	Balance June 30, 2023
Long-term obligations from governmental activities:				
Direct borrowings and direct placements:				
Lease revenue bonds	\$ 51,455,179	\$ 4,087,215	\$ 238,177	\$ 55,304,217
General obligation bonds:				
School	595,000	-	115,000	480,000
Other liabilities:				
Bond premium	430,915	-	14,859	416,056
Notes payable	4,450,000	-	571,000	3,879,000
Lease liabilities	22,658	6,123	9,415	19,366
Net OPEB liability	831,697	493,204	328,421	996,480
Net pension liability	-	1,915,796	1,389,511	526,285
Compensated absences	554,046	201,354	55,405	699,995
Total from governmental activities	\$ 58,339,495	\$ 6,703,692	\$ 2,721,788	\$ 62,321,399
Long-term obligations from business-type activities:				
Direct borrowings and direct placements:				
Virginia Resources Authority lease revenue bonds	\$ 5,152,570	\$ -	\$ 119,052	\$ 5,033,518
Public Facility revenue refunding bonds	6,900,000	-	220,000	6,680,000
Treatment plant upgrade agreement	47,917	-	6,320	41,597
Other liabilities:				
Bond premium	745,365	-	25,702	719,663
Net OPEB liability	25,723	9,971	15,358	20,336
Net pension liability	-	39,098	28,357	10,741
Compensated absences	15,129	7,159	1,513	20,775
Total from business-type activities	\$ 12,886,704	\$ 56,228	\$ 416,302	\$ 12,526,630
Long-term obligations from component unit:				
Other liabilities:				
Energy performance contract	\$ 204,236	\$ -	\$ 204,236	\$ -
Lease liabilities	84,961	-	26,979	57,982
Subscription liabilities	-	39,176	39,176	-
Net OPEB liability	2,930,894	901,606	903,689	2,928,811
Net pension liability	9,176,208	8,983,538	7,309,057	10,850,689
Compensated absences	200,330	37,913	20,033	218,210
Total from component unit	\$ 12,596,629	\$ 9,962,233	\$ 8,503,170	\$ 14,055,692
Total long-term obligations	\$ 83,822,828	\$ 16,722,153	\$ 11,641,260	\$ 88,903,721
Reconciliation to Exhibit 1:				
Primary Government				
Long-term liabilities due within one year			\$	1,826,072
Long-term liabilities due in more than one year				73,021,957
Component Unit				
Long-term liabilities due within one year				49,188
Long-term liabilities due in more than one year				14,006,504
Total long-term obligations			\$	88,903,721



# COUNTY OF WESTMORELAND, VIRGINIA

## Notes to Financial Statements As of June 30, 2023 (Continued)

### NOTE 12 - LONG TERM OBLIGATIONS: (Continued)

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

Year Ending June 30,	Direct Borrowings and Direct Placements		Notes Payable		Lease Liabilities		Bond Premium	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 1,166,458	\$ 1,585,197	\$ 582,000	\$ 87,207	\$ 37,053	\$ 744	\$ 40,561	\$ -
2025	1,605,443	1,544,233	594,000	75,149	33,012	249	40,561	-
2026	1,641,962	1,500,973	607,000	62,822	4,619	27	40,561	-
2027	1,615,442	1,457,085	505,000	50,199	2,664	2	40,561	-
2028-2032	8,151,560	6,057,444	1,591,000	76,832	-	-	202,805	-
2033-2037	9,285,968	4,844,797	-	-	-	-	202,805	-
2038-2042	10,105,577	3,790,068	-	-	-	-	202,805	-
2043-2047	9,150,575	2,738,857	-	-	-	-	202,805	-
2048-2052	9,094,251	1,709,109	-	-	-	-	162,255	-
2053-2057	8,273,293	754,688	-	-	-	-	-	-
2058-2062	7,448,804	47,173	-	-	-	-	-	-
Total	\$ 67,539,332	\$ 26,029,623	\$ 3,879,000	\$ 352,209	\$ 77,348	\$ 1,022	\$ 1,135,719	\$ -

Note: The above includes all long-term bonds, capital leases, treatment plant upgrade agreement, and early retirement incentive obligation. Compensated absences, Net OPEB obligation and pension liability are not included.

### Details of Long-Term Obligations:

	Amount Outstanding	Due within One year
<b><u>Governmental Activities:</u></b>		
<b><u>Lease Revenue Bonds:</u></b>		
\$46,500,000 lease revenue bonds, interest payable on Decemeber 20, 2022 and 2023 and payable in monthly installments of \$148,800 due beginning January 20, 2024 through 2059, interest payable at 2.125%.	\$ 46,500,000	\$ 400,507
\$7,505,000 public facility revenue refunding bonds, payable in nnaul installments ranging from \$117,738 to \$369,53 beginning November 2022, variable interest payable at 2.125% to 5.00%.	7,360,000	155,000
\$1,232,208 lease revenue bond, interest payable on September 1, 2023 and payable semi-annuall installments of \$33,199 due beginning March , 2024 through 2043, interest payable at 2.125%.	1,232,209	30,119
\$530,000 lease revenue bonds, payable in various annual installments ranging from \$60,952 to \$71,801, due on July 15 through 2025, interest payable sem-annually at 2.34%.	212,008	68,518
Total lease revenue bonds	\$ 55,304,217	\$ 654,144

# COUNTY OF WESTMORELAND, VIRGINIA

## Notes to Financial Statements As of June 30, 2023 (Continued)

### NOTE 12 - LONG TERM OBLIGATIONS: (Continued)

	<u>Amount Outstanding</u>	<u>Due within One year</u>
<u>Governmental Activities: (Continued)</u>		
<u>Notes payable:</u>		
The County purchased baseball field lighting. Title to the equipment passes to the entity upon completion of payment of the minimum lease payments. The lease is due in annual installments ranging from \$109,000 to \$113,000 on January 15 through 2026, interest payable semi-annually at .70%.	\$ 336,000	\$ 111,000
The County purchased radio equipment. Title to the equipment passes to the entity upon completion of payment of the minimum lease payments. The lease is due in annual installments ranging from \$419,000 to \$543,000 on January 15 through 2030, interest payable semi-annually at 2.395%.	<u>3,543,000</u>	<u>471,000</u>
Total Notes payable	\$ <u>3,879,000</u>	\$ <u>582,000</u>
<u>Unamortized Bond Premium</u>	\$ <u>416,056</u>	\$ <u>14,859</u>
<u>General Obligation Bonds:</u>		
\$1,975,000 general obligation school bonds, payable in annual principal installments of \$115,000, due on June 1 through 2027, interest payable semi-annually at 5.31%.	\$ <u>480,000</u>	\$ <u>120,000</u>
<u>Leases liabilities:</u>		
Various leases secured by equipment payable through 2026 at discount rates ranging from 1.69% to 0.61%	\$ <u>19,366</u>	\$ <u>9,615</u>
<u>Compensated absences (payable from general fund)</u>	\$ <u>699,995</u>	\$ <u>70,000</u>
<u>Net pension liability</u>	\$ <u>526,285</u>	\$ <u>-</u>
<u>Net OPEB liability</u>	\$ <u>996,480</u>	\$ <u>-</u>
Total long-term obligations from governmental activities	<u>\$ 62,321,399</u>	<u>\$ 1,450,618</u>

# COUNTY OF WESTMORELAND, VIRGINIA

## Notes to Financial Statements As of June 30, 2023 (Continued)

### NOTE 12 - LONG TERM OBLIGATIONS: (Continued)

	<u>Amount Outstanding</u>	<u>Due within One year</u>
<b><u>Business-type Activities:</u></b>		
<b><u>Lease Revenue Bonds:</u></b>		
\$1,500,000 revenue bonds, payable in 454 monthly installments of \$5,010 beginning on February 5, 2012, interest payable at 2.375% per year. Interest only due on January 5, 2011 and January 5, 2012.	\$ 1,179,128	\$ 32,468
\$6,900,000 public facility revenue refunding bonds, payable in annual installments ranging from \$145,000 to \$365,000 beginning November 2022, variable interest payable at 2.125% to 5.00%.	6,680,000	220,000
\$4,308,600 revenue bonds, payable in 456 monthly installments of \$12,969 beginning on June 26, 2018, interest payable at 1.75% per year. Interest only due on May 26, 2017 and May 26, 2018. As of June 30, 2017 proceeds in the amount of \$3,433,178 have been drawn.	<u>3,854,390</u>	<u>88,887</u>
Total Lease Revenue bonds	\$ <u>11,713,518</u>	\$ <u>341,355</u>
Treatment plant upgrade agreement with the Town of Colonial Beach payable in monthly installments of \$526. Interest payable at 0.00% per year.	\$ <u>41,597</u>	\$ <u>6,319</u>
<u>Unamortized Bond Premium</u>	\$ <u>719,663</u>	\$ <u>25,702</u>
<u>Net pension liability (payable from water and sewer funds)</u>	\$ <u>10,741</u>	\$ <u>-</u>
<u>Net OPEB liability (payable from water and sewer funds)</u>	\$ <u>20,336</u>	\$ <u>-</u>
<u>Compensated absences (payable from water and sewer funds)</u>	\$ <u>20,775</u>	\$ <u>2,078</u>
Total long-term obligations from business-type activities	\$ <u><u>12,526,630</u></u>	\$ <u><u>375,454</u></u>

## COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements  
As of June 30, 2023 (Continued)

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### NOTE 12 - LONG TERM OBLIGATIONS: (Continued)

#### Details of Long-Term Obligations: (Continued)

##### Component Unit:

<u>Compensated absences (payable from school fund)</u>	\$ <u>218,210</u>	\$ <u>21,821</u>
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##### Leases liabilities:

Various leases secured by equipment payable through 2026 at discount rates ranging from 1.69% to 0.61%	\$ <u>57,982</u>	\$ <u>27,367</u>
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<u>Net Pension Liability</u>	\$ <u>10,850,689</u>	\$ <u>-</u>
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<u>Net OPEB Liability</u>	\$ <u>2,928,811</u>	\$ <u>-</u>
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Total long-term obligations from component unit	\$ <u>14,055,692</u>	\$ <u>49,188</u>
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Total long-term obligations	\$ <u>88,903,721</u>	\$ <u>1,875,260</u>
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## COUNTY OF WESTMORELAND, VIRGINIA

### Notes to Financial Statements As of June 30, 2023 (Continued)

#### **NOTE 13 - UNEARNED AND DEFERRED/UNAVAILABLE REVENUE:**

At June 30, 2023:

	<b>Government-wide Statements Governmental Activities</b>	<b>Balance Sheet Governmental Funds</b>
<b>Primary Government:</b>		
Unavailable revenue representing uncollected property tax billings for which asset recognition criteria has not been met. The uncollected tax billings are not available for the funding of current expenditures.	\$ -	\$ 1,374,626
Prepaid property tax revenues representing collections received for property taxes that are applicable to the subsequent budget year.	175,751	175,751
Unearned revenues - American Rescue Plan funds - Tourism	35,000	35,000
Unearned revenues - American Rescue Plan funds	1,560,439	1,560,439
Unavailable revenue - opioid settlement	-	206,158
Total	\$ 1,771,190	\$ 3,351,974

#### **NOTE 14 - COMMITMENTS AND CONTINGENCIES:**

##### **Federal Programs**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, would be immaterial.

As of June 30, 2023, the County had outstanding construction commitments in the amount of \$6,150,212.

#### **NOTE 15 - LITIGATION:**

The County has been named as defendant in various matters. It is not known what liability, if any, the County faces.

## COUNTY OF WESTMORELAND, VIRGINIA

### Notes to Financial Statements As of June 30, 2023 (Continued)

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#### **NOTE 16 - LANDFILL CLOSURE AND POST CLOSURE CARE COST:**

The County closed its landfill prior to the date mandated by state and federal laws and regulations; thereby, reducing the liability period for post closure monitoring to ten years subsequent to closure. There was no landfill closure and post closure liability necessary at June 30, 2023 for estimated liability for post closure monitoring. These amounts are based on what it would cost to perform all closure and post closure care in 2023. Actual costs may be higher due to inflation, changes in technology or changes in regulations.

The County has demonstrated financial assurance requirements for closure and postclosure care and corrective action costs through the submission of a Local Government Financial Test to the Virginia Department of Environmental Quality in accordance with Section 9VAC20-70 of the Virginia Administrative Code.

#### **NOTE 17 - RISK MANAGEMENT:**

The County and Component Unit School Board are 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 County and School Board participate with other localities in a public entity risk pool for their coverage of worker's compensation with Virginia Municipal League and public official's liability with the Virginia Association of Counties Group Self Insurance Risk Pool. The County and School Board pay an annual premium to the pools for its general insurance through member premiums and continue to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

#### **NOTE 18 - SURETY BOND INFORMATION:**

	<u>Amount</u>
Commonwealth of Virginia, Department of General Services, Division of Risk Management-Surety	
Anne B. Garner, Clerk of the Circuit Court	\$ 103,000
Sue Jones, Treasurer	400,000
William K. Hoover, Commissioner of the Revenue	3,000
Norman Risavi, County Administrator	2,000
C.O. Balderson, Sheriff	30,000
Constitutional Officers, their employees and agents	500,000
Department of Social Service Employees - Blanket Bond	100,000
W.W. Hynson - Surety	
Dorothy Tate, Supervisor	1,000
Dorothy Tate- Surety	
Russ Culver, Supervisor	1,000
Darryl E. Fisher - Surety	
Timothy J. Trivett, Supervisor	1,000
Timothy J. Trivett - Surety	
Darryl E. Fisher, Supervisor	1,000
Russ Culver - Surety	
W.W. Hynson, Supervisor	1,000
VSBA Property and Casualty Pool	
Tina Withers, Clerk School Board	10,000
Peerless Insurance Company - Surety	
Dr. Michael Perry, Superintendent of Schools	25,000

## COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements  
As of June 30, 2023 (Continued)

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### **NOTE 19—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN):**

#### ***Plan Description***

The Group Life Insurance (GLI) Plan 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 Plan upon employment. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

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

The specific information for GLI Plan OPEB, including eligibility, coverage and benefits is described below:

#### ***Eligible Employees***

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

#### ***Benefit Amounts***

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, seatbelt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts 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. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,984 as of June 30, 2023.

**NOTE 19—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (Continued)**

***Contributions***

The contribution requirements for the GLI Plan 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 for the GLI Plan 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% ( $1.34\% \times 60\%$ ) and the employer component was 0.54% ( $1.34\% \times 40\%$ ). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 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. Contributions to the GLI Plan from the County were \$47,029 and \$44,874 for the years ended June 30, 2023 and June 30, 2022, respectively. Contributions to School Professional Plan were \$59,286 and \$55,572 for the years ended June 30, 2023 and June 30, 2022, respectively. Contributions to the School Nonprofessional Plan were \$3,699 and \$3,831 for the years ended June 30, 2023 and June 30, 2022, respectively.

***GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Plan OPEB***

At June 30, 2023, the County, School Board (Professional) and School Board (Nonprofessional) reported a liabilities of \$459,965, \$569,658, and \$39,254, for their proportionate share of the Net GLI OPEB Liability, respectively. The Net GLI OPEB Liability was measured as of June 30, 2022, and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2022, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, County, School Board (Professional) and School Board (Nonprofessional)'s proportion were .03820%, .04730% and .00330% respectively, as compared to .03580%, .04910% and .00350% at June 30, 2021.

For the year ended June 30, 2023, the County, School Board (Professional) and School Board (Nonprofessional) recognized GLI OPEB expense of \$39,400, \$16,203, and (\$415) respectively. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.



COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements  
As of June 30, 2023 (Continued)

**NOTE 19—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (Continued)**

***GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Plan OPEB (continued)***

At June 30, 2023, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	<u>Primary Government</u>		<u>School Professional</u>		<u>School Nonprofessional</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 36,423	\$ 18,453	\$ 45,110	\$ 22,853	\$ 3,108	\$ 1,575
Net difference between projected and actual earnings on GLI OPEB program investments	-	28,741	-	35,595	-	2,453
Change in assumptions	17,156	44,802	21,247	55,487	1,464	3,823
Changes in proportion	60,139	62	15,222	51,281	98	5,094
Employer contributions subsequent to the measurement date	<u>47,029</u>	<u>-</u>	<u>59,286</u>	<u>-</u>	<u>3,699</u>	<u>-</u>
Total	<u>\$ 160,747</u>	<u>\$ 92,058</u>	<u>\$ 140,865</u>	<u>\$ 165,216</u>	<u>\$ 8,369</u>	<u>\$ 12,945</u>

\$47,029, \$59,286, and \$3,699 reported as deferred outflows of resources related to the GLI OPEB resulting from the respective County, School Board (Professional) and School Board (Nonprofessional)'s contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	<u>Primary Government</u>	<u>School Professional</u>	<u>School Nonprofessional</u>
2024	\$ 10,963	\$ (18,154)	\$ (2,357)
2025	6,183	(20,746)	(1,990)
2026	(11,061)	(34,450)	(2,764)
2027	13,569	(1,840)	(293)
2028	2,006	(8,447)	(871)
Thereafter			

**NOTE 19—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (Continued)**

***Actuarial Assumptions***

The total GLI OPEB liability was 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. The assumptions include several employer groups as noted below. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS CAFR.

Inflation	2.50%
Salary increases, including inflation:	
Teachers	3.50%-5.95%
Locality - General employees	3.50%-5.35%
Locality - Hazardous Duty employees	3.50%-4.75%
Investment rate of return	6.75%, net of investment expenses, including inflation

**Mortality 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

## COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements  
As of June 30, 2023 (Continued)

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### **NOTE 19—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (Continued)**

#### ***Actuarial Assumptions: (Continued)***

#### **Mortality Rates - Teachers (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:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted 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
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

#### **Mortality Rates - Non-Largest Ten Locality Employers - General Employees**

##### **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

## COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements  
As of June 30, 2023 (Continued)

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### **NOTE 19—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (Continued)**

#### ***Actuarial Assumptions: (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:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted 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
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

#### **Mortality Rates - Non-Largest Ten Locality Employers - Hazardous Duty 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

##### **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

# COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements  
As of June 30, 2023 (Continued)

## **NOTE 19—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (Continued)**

### ***Actuarial Assumptions: (Continued)***

#### **Mortality Rates - Non-Largest Ten Locality Employers - Hazardous Duty Employees: (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:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased 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
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

### ***NET GLI OPEB Liability***

The net OPEB liability (NOL) for the GLI Plan represents the Plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2022, NOL amounts for the GLI Plan is as follows (amounts expressed in thousands):

		<b>Group Life Insurance OPEB Program</b>
Total GLI OPEB Liability	\$	3,672,085
Plan Fiduciary Net Position		2,467,989
Employers' Net GLI OPEB Liability (Asset)	\$	1,204,096
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		67.21%

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

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements  
As of June 30, 2023 (Continued)

**NOTE 19—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (Continued)**

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

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

<u>Asset Class (Strategy)</u>	<u>Long-Term Target Asset Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return*</u>
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%
PIP - Private Investment Partner	3.00%	6.55%	0.20%
Total	<u>100.00%</u>		<u>5.33%</u>
		Inflation	<u>2.50%</u>
		Expected arithmetic nominal return**	<u>7.83%</u>

\*The above allocation provides a one-year return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These 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 return of 6.75%, which was roughly at the 40<sup>th</sup> 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 of 2.50%.

## COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements  
As of June 30, 2023 (Continued)

### **NOTE 19—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (Continued)**

#### ***Discount Rate***

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2022, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2022 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

#### ***Sensitivity of the Employer's Proportionate Share of the Net GLI OPEB Liability to Changes in the Discount Rate***

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

			Rate		
			1% Decrease	Current Discount	1% Increase
			(5.75%)	(6.75%)	(7.75%)
Proportionate share of the Group					
Life Insurance Program					
Net OPEB Liability:					
Primary Government	\$	669,303	\$	459,965	\$ 290,791
School Professional		828,919		569,658	360,140
School Nonprofessional		57,119		39,254	24,816

#### ***GLI Plan Fiduciary Net Position***

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.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.

## COUNTY OF WESTMORELAND, VIRGINIA

Notes of Financial Statements  
June 30, 2023 (Continued)

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### **NOTE 20—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN):**

#### ***Plan Description***

The Political Subdivision Health Insurance Credit (HIC) Plan 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 employees of participating political subdivisions are automatically covered by the VRS Political Subdivision HIC Plan upon employment. This is an agent multiple-employer plan administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The HIC is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

The specific information about the Political Subdivision HIC Plan OPEB, including eligibility, coverage and benefits is described below:

#### ***Eligible Employees***

The Political Subdivision Retiree HIC Plan was established July 1, 1993 for retired political subdivision employees of employers who elect the benefit and retire with at least 15 years of service credit. Eligible employees include full-time permanent salaried employees of the participating political subdivision who are covered under the VRS pension plan. These employees are enrolled automatically upon employment.

#### ***Benefit Amounts***

The Political Subdivision Retiree HIC Plan is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired political subdivision employees of participating employers. For employees who retire, the monthly benefit is \$1.50 per year of service per month with a maximum benefit of \$45.00 per month. For employees who retire on disability or go on long-term disability under the Virginia Local Disability Plan (VLDP), the monthly benefit is \$45.00 per month.

#### ***HIC Plan Notes***

The monthly HIC benefit cannot exceed the individual premium amount. There is no HIC for premiums paid and qualified under LODA; however, the employee may receive the credit for premiums paid for other qualified health plans. Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the HIC as a retiree.



## COUNTY OF WESTMORELAND, VIRGINIA

Notes of Financial Statements  
June 30, 2023 (Continued)

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### **NOTE 20—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (Continued)**

#### ***Employees Covered by Benefit Terms***

As of the June 30, 2021 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

	<b><u>Primary Government</u></b>	<b><u>School Nonprofessional</u></b>
Inactive members or their beneficiaries currently receiving benefits	<u>8</u>	<u>24</u>
Inactive members:		
Vested inactive members	2	2
Non-vested inactive members	-	-
Inactive members active elsewhere in VRS	-	-
Total inactive members	<u>10</u>	<u>26</u>
Active members	<u>65</u>	<u>32</u>
Total covered employees	<u><u>75</u></u>	<u><u>58</u></u>

#### ***Contributions***

The contribution requirements for active employees is governed by §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The County and School Board (Nonprofessional) contractually required employer contribution rates for the year ended June 30, 2023 were .22% and 1.27% of covered employee compensation, respectively. 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. Contributions from the County to the HIC Plan were \$8,604 and \$7,808 for the years ended June 30, 2023 and June 30, 2022, respectively. Contributions from the School Board (Nonprofessional) to the HIC Plan were \$8,699 and \$9,650 for the years ended June 30, 2023 and June 30, 2022, respectively.

**NOTE 20—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (Continued)**

***Net HIC OPEB Liability***

The County and School Board (Nonprofessional)’s net HIC OPEB liabilities were measured as of June 30, 2022. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2021, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

***Actuarial Assumptions***

The total HIC OPEB liability was 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.

Inflation	2.50%
Salary increases, including inflation:	
Locality - General employees	3.50%-5.35%
Locality - Hazardous Duty employees	3.50%-4.75%
Investment rate of return	6.75%, net of investment expenses, including inflation

## COUNTY OF WESTMORELAND, VIRGINIA

Notes of Financial Statements  
June 30, 2023 (Continued)

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### NOTE 20—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (Continued)

#### *Actuarial Assumptions: (Continued)*

##### **Mortality Rates - Non-Largest Ten Locality Employers - General 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

###### 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

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:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted 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
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

## COUNTY OF WESTMORELAND, VIRGINIA

Notes of Financial Statements  
June 30, 2023 (Continued)

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### NOTE 20—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (Continued)

#### *Actuarial Assumptions: (Continued)*

##### **Mortality Rates - Non-Largest Ten Locality Employers - Hazardous Duty 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

###### 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

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:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased 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
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

COUNTY OF WESTMORELAND, VIRGINIA

Notes of Financial Statements  
June 30, 2023 (Continued)

**NOTE 20—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (Continued)**

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

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

<u>Asset Class (Strategy)</u>	<u>Long-term Target Asset Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return*</u>
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 Strate	6.00%	3.73%	0.22%
PIP - Private Investment Partne	3.00%	6.55%	0.20%
Total	<u>100.00%</u>		<u>5.33%</u>
		Inflation	<u>2.50%</u>
		Expected arithmetic nominal return**	<u>7.83%</u>

\*The above allocation provides a one-year return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These 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 return of 6.75% which was roughly at the 40<sup>th</sup> 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 of 2.50%.

COUNTY OF WESTMORELAND, VIRGINIA

Notes of Financial Statements  
June 30, 2023 (Continued)

**NOTE 20—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (Continued)**

***Discount Rate***

The discount rate used to measure the total HIC OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2022, the rate contributed by the entity for the 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, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

***Changes in Net HIC OPEB Liability***

	Primary Government		
	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2021	\$ 84,770	\$ 35,852	\$ 48,918
Changes for the year:			
Service cost	\$ 3,756	\$ -	\$ 3,756
Interest	5,764	-	5,764
Benefit changes	-	-	-
Differences between expected and actual experience	(7,322)	-	(7,322)
Assumption changes	16,860	-	16,860
Contributions - employer	-	7,809	(7,809)
Net investment income	-	(3)	3
Benefit payments	(6,267)	(6,267)	-
Administrative expenses	-	(76)	76
Other changes	-	6,353	(6,353)
Net changes	\$ 12,791	\$ 7,816	\$ 4,975
Balances at June 30, 2022	\$ 97,561	\$ 43,668	\$ 53,893

COUNTY OF WESTMORELAND, VIRGINIA

Notes of Financial Statements  
June 30, 2023 (Continued)

**NOTE 20—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (Continued)**

***Changes in Net HIC OPEB Liability: (Continued)***

	School Nonprofessional		
	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2021	\$ 139,125	\$ 10,890	\$ 128,235
Changes for the year:			
Service cost	\$ 824	\$ -	\$ 824
Interest	9,236	-	9,236
Benefit changes	72,544	-	72,544
Differences between expected and actual experience	(26,870)	-	(26,870)
Assumption changes	3,376	-	3,376
Contributions - employer	-	16,106	(16,106)
Net investment income	-	(225)	225
Benefit payments	(6,245)	(6,245)	-
Administrative expenses	-	(44)	44
Other changes	-	107	(107)
Net changes	\$ 52,865	\$ 9,699	\$ 43,166
Balances at June 30, 2022	\$ 191,990	\$ 20,589	\$ 171,401

COUNTY OF WESTMORELAND, VIRGINIA

Notes of Financial Statements  
June 30, 2023 (Continued)

**NOTE 20—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (Continued)**

***Sensitivity of the Health Insurance Credit Net OPEB Liability to Changes in the Discount Rate***

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Net HIC OPEB Liability			
Primary Government	\$ 64,548	\$ 53,893	\$ 44,819
School Nonprofessional	188,610	171,401	156,506

***HIC Plan OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HIC Plan OPEB***

For the year ended June 30, 2023, the County and School Board (Nonprofessional) recognized HIC Plan OPEB expense of \$4,933 and \$75,104, respectively. At June 30, 2023, the County and School Board (Nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to the HIC Plan from the following sources:

	Primary Government		School Nonprofessional	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 10,336	\$ 6,121	\$ -	\$ 17,475
Net difference between projected and actual earnings on HIC OPEB plan investments	-	636	393	-
Change in assumptions	15,123	-	4,054	-
Employer contributions subsequent to the measurement date	8,604	-	8,699	-
Total	\$ 34,063	\$ 6,757	\$ 13,146	\$ 17,475



COUNTY OF WESTMORELAND, VIRGINIA

Notes of Financial Statements  
June 30, 2023 (Continued)

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**NOTE 20—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (Continued)**

***HIC Plan OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HIC Plan OPEB: (Continued)***

\$8,604 and \$8,699 reported by the County and School Board (Nonprofessional), respectively, as deferred outflows of resources related to the HIC OPEB resulting from the contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	<u>Primary Government</u>	<u>School Nonprofessional</u>
2024	\$ 4,730	\$ (6,367)
2025	4,781	(6,964)
2026	4,161	44
2027	4,067	259
2028	963	-
Thereafter	-	-

***HIC Plan Data***

Information about the VRS Political Subdivision HIC Plan is available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.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.

**NOTE 21—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN):**

***Plan Description***

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

The specific information for the Teacher HIC Plan OPEB, including eligibility, coverage, and benefits is described below:

***Eligible Employees***

The Teacher Employee Retiree HIC Plan was established July 1, 1993 for retired Teacher Employees covered under VRS who retire with at least 15 years of service credit. Eligible employees include full-time permanent (professional) salaried employees of public school divisions covered under VRS. These employees are enrolled automatically upon employment.

***Benefit Amounts***

The Teacher Employee HIC Plan is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired teachers. 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. For Teacher and other professional school employees who retire on disability or go on long-term disability under the Virginia Local Disability Plan (VLDP), the monthly benefit is either: \$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.

***HIC Plan Notes***

The monthly HIC benefit cannot exceed the individual premium amount. Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the HIC as a retiree.

**NOTE 21—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (Continued)**

***Contributions***

The contribution requirements 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, 2023 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee HIC Plan. This rate was the final approved General Assembly rate, which 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. Contributions from the school division to the VRS Teacher Employee HIC Plan were \$132,845 and \$124,523 for the years ended June 30, 2023 and June 30, 2022, respectively.

In June 2022, the Commonwealth made a special contribution of approximately \$12 million to the VRS Teacher HIC 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.

***Teacher Employee HIC Plan OPEB Liabilities, Teacher Employee HIC Plan OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Teacher Employee HIC Plan OPEB***

At June 30, 2023, the school division reported a liability of \$1,379,197 for its proportionate share of the VRS Teacher Employee HIC Net OPEB Liability. The Net VRS Teacher Employee HIC OPEB Liability was measured as of June 30, 2022 and the total VRS Teacher Employee HIC OPEB liability used to calculate the Net VRS Teacher Employee HIC OPEB Liability was determined by an actuarial valuation performed as of June 30, 2021 and rolled forward to the measurement date of June 30, 2021. The school division's proportion of the Net VRS Teacher Employee HIC OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC OPEB plan for the year ended June 30, 2022, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the school division's proportion of the VRS Teacher Employee HIC was .11404% as compared to .11463% at June 30, 2021.

For the year ended June 30, 2023, the school division recognized VRS Teacher Employee HIC Plan OPEB expense of \$101,681. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher Employee HIC Plan Net OPEB expense was related to deferred amounts from changes in proportionate share and differences between actual and expected contributions.

COUNTY OF WESTMORELAND, VIRGINIA

Notes of Financial Statements  
June 30, 2023 (Continued)

**NOTE 21—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (Continued)**

*Teacher Employee HIC Plan OPEB Liabilities, Teacher Employee HIC Plan OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Teacher Employee HIC Plan OPEB: (Continued)*

At June 30, 2023, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee HIC Plan OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 56,218
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	-	1,384
Change in assumptions	40,293	3,522
Change in proportion	51,845	127,520
Employer contributions subsequent to the measurement date	<u>132,845</u>	<u>-</u>
Total	\$ <u>224,983</u>	\$ <u>188,644</u>

\$132,845 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2024	\$ (12,751)
2025	(17,651)
2026	(24,583)
2027	(12,233)
2028	(14,676)
Thereafter	(14,612)

**NOTE 21—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (Continued)**

***Actuarial Assumptions***

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee HIC Plan was 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.

Inflation	2.5%
Salary increases, including inflation	3.5%-5.95%
Investment rate of return	6.75%, net of investment expenses, including inflation

**Mortality Rates - Teachers**

- Pre-Retirement:
  - Pub-2010 Amount Weighted Teacher 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

**NOTE 21—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (Continued)****Actuarial Assumptions: (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:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted 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
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

**Net Teacher Employee HIC OPEB Liability**

The net OPEB liability (NOL) for the Teacher Employee HIC Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2022, NOL amounts for the VRS Teacher Employee HIC Plan are as follows (amounts expressed in thousands):

	<b>Teacher Employee HIC OPEB Plan</b>
Total Teacher Employee HIC OPEB Liability	\$ 1,470,891
Plan Fiduciary Net Position	221,845
Teacher Employee net HIC OPEB Liability (Asset)	<u>\$ 1,249,046</u>

Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability	15.08%
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The total Teacher Employee HIC OPEB liability is calculated by the System's actuary, and the plan's fiduciary net position is reported in the System's financial statements. The net Teacher Employee HIC OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

# COUNTY OF WESTMORELAND, VIRGINIA

Notes of Financial Statements  
June 30, 2023 (Continued)

## NOTE 21—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (Continued)

### Long-Term Expected Rate of Return

The long-term expected rate of return on the VRS 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 VRS System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Long-Term Target Asset 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 nominal return**	7.83%

\*The above allocation provides a one-year return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These 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 was roughly at the 40<sup>th</sup> 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 of 2.50%.

### Discount Rate

The discount rate used to measure the total Teacher Employee HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2022, the rate contributed by each school division for the VRS Teacher Employee HIC Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution

**NOTE 21—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (Continued)*****Discount Rate: (Continued)***

rate. From July 1, 2022 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

***Sensitivity of the School Division's Proportionate Share of the Teacher Employee HIC Net OPEB Liability to Changes in the Discount Rate***

The follow presents the school division's proportionate share of the VRS Teacher Employee HIC Plan net HIC OPEB liability using the discount rate of 6.75%, as well as what the school division's proportionate share of the net HIC OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan			
Net HIC OPEB Liability	\$ 1,554,371	\$ 1,379,197	\$ 1,230,707

***Teacher Employee HIC OPEB Fiduciary Net Position***

Detailed information about the VRS Teacher Employee HIC Plan's Fiduciary Net Position is available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.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.



COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements  
As of June 30, 2023 (continued)

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**NOTE 22— HEALTH INSURANCE - PAY-AS-YOU-GO (OPEB PLAN):**

***Plan Description***

In addition to the pension benefits described in Note 10, the County administers a single-employer defined benefit healthcare plan. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the County’s pension plans. The plan does not issue a publicly available financial report.

***Benefits Provided***

Health benefits include medical, dental, and vision coverage for retirees and eligible spouses/dependents. Participants in the Plan must be eligible to retire through the Virginia Retirement System and attain either (1) the age of 50 with at least 10 years of service with the County, or (2) the age of 55 with at least 5 years of service with the County.

***Plan Membership***

At June 30, 2023 (measurement date), the following employees were covered by the benefit terms:

Active employees	\$	130
Retirees and surviving spouses		<u>-</u>
Total	\$	<u><u>130</u></u>

***Contributions***

The board does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The County establishes employer contribution rates for plan participants as part of the budgetary process each year. The County also determines how the plan will be funded each year, whether it will partially fund the plan or fully fund the plan. This is determined annually as part of the budgetary process. The amount paid by the County for OPEB as the benefits came due during the year ended June 30, 2023 was \$4,795.

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements  
As of June 30, 2023 (continued)

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**NOTE 22— HEALTH INSURANCE - PAY-AS-YOU-GO (OPEB PLAN): (CONTINUED)**

***Total OPEB Liability***

The County’s total OPEB liability was measured as of June 30, 2023.

***Actuarial Assumptions***

The total OPEB liability in the July 1, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary Increases	Varies based on years of service
Discount Rate	3.65%
Investment Rate of Return	N/A

Mortality rates for pre-retirement employees were based on RP-2014 Employee Mortality Tables projected to 2020 using Scale BB with Males setback 1 years and Females set back 3 year while mortality rates for healthy retirees were based on RP-2014 Combined Healthy Mortality tables projected to 2020 using Scale BB with Males set back 1 year and Females set back 1 year and mortality rates for disabled retirees were based on RP-2014 Disabled Life mortality tables projected to 2020 using Scale BB with Males at 115% of rates females at 130% of rates.

***Discount Rate***

The discount rate used when OPEB plan investments are insufficient to pay for future benefit payments is based on the Bond Buyer 20-Year Bond GO Index as of their respective measurement dates. The final equivalent single discount rate used for this year’s valuation is 3.65% as of the end of the fiscal year with the expectation that the County will continue contributing the Actuarially Determined Contribution and paying the pay-go cost from the OPEB Trust.

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements  
As of June 30, 2023 (continued)

**NOTE 22— HEALTH INSURANCE - PAY-AS-YOU-GO (OPEB PLAN): (CONTINUED)**

***Changes in Total OPEB Liability***

<b>Changes in Net OPEB Liability - County</b>		<b>Primary Government Total OPEB Liability</b>
Balances at June 30, 2022	\$	391,111
Changes for the year:		
Service cost		91,417
Interest		16,997
Changes in assumptions		(46,193)
Economic/demographic gains or losses		54,421
Benefit payments		(4,795)
Net changes		111,847
Balances at June 30, 2023	\$	502,958

***Sensitivity of the Total OPEB Liability to Changes in the Discount Rate***

The following amounts present the total OPEB liability of the County, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.65%) or one percentage point higher (4.65%) than the current discount rate:

<b>Rate</b>		
<b>1% Decrease (2.65%)</b>	<b>Current Discount Rate (3.65%)</b>	<b>1% Increase (4.65%)</b>
\$ 557,268	\$ 502,958	\$ 455,270

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements  
As of June 30, 2023 (continued)

**NOTE 22— HEALTH INSURANCE - PAY-AS-YOU-GO (OPEB PLAN): (CONTINUED)**

***Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates***

The following presents the total OPEB liability of the County, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (3.90% decreasing to an ultimate rate of 3.00%) or one percentage point higher (5.90% decreasing to an ultimate rate of 5.00%) than the current healthcare cost trend rates:

Rates		
1% Decrease	Healthcare Cost Trend	1% Increase
\$ 427,370	\$ 502,958	\$ 594,509

***OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources***

For the year ended June 30, 2023, the County recognized OPEB expense in the amount of \$64,313. At June 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 44,703	\$ 43,919
Changes in assumptions	3,136	89,514
Total	<u>\$ 47,839</u>	<u>\$ 133,433</u>

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

Year Ended June 30	
2023	\$ (36,028)
2024	(29,007)
2025	(22,911)
2026	1,469
2027	883
Thereafter	-

Additional disclosures on changes in net OPEB liability, related ratios, and employer contributions can be found in the required supplementary information following the notes to the financial statements.

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements  
As of June 30, 2023 (continued)

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**NOTE 23— HEALTH INSURANCE - PAY-AS-YOU-GO (OPEB PLAN) - SCHOOL BOARD:**

***Plan Description***

In addition to the pension benefits described in Note 10, the School Board administers a single-employer defined benefit healthcare plan. The School Board Post-Retirement Medical Plan is a single-employer defined benefit healthcare plan which offers health insurance for retired employees. The plan is administered by the School Board. Retired employees, who have attained the age of 50, who were employed by Westmoreland County Public Schools with at least 10 years of service which have attained the age of 50 or have at least 5 years of service and have attained the age of 55 are eligible for retiree medical benefits. The plan has no separate financial report.

***Benefits Provided***

The School Board establishes employer contribution rates for plan participants as part of the budgetary process each year. The School Board also determines how the plan will be funded each year, whether it will partially fund the plan or fully fund the plan. This is determined annually as part of the budgetary process. The School Board contributes \$525.20 per month towards participants’ premiums, and \$636.90 per month for retiree and spouse/dependent coverage, participating retirees pay the remainder of the monthly premiums. Surviving spouses are not allowed access to the plan.

***Plan Membership***

At June 30, 2023 (measurement date), the following employees were covered by the benefit terms:

Active	\$	229
Retirees and surviving spouses		2
Spouse of current retiree		1
		<hr/>
Total	\$	<u>232</u>

***Contributions***

The board does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the School Board. The amount paid by the School for OPEB as the benefits came due during the year ended June 30, 2023 was \$28,924.

**NOTE 23— HEALTH INSURANCE - PAY-AS-YOU-GO (OPEB PLAN) - SCHOOL BOARD: (CONTINUED)**

***Total OPEB Liability***

The School Board’s total OPEB liability was measured as of June 30, 2023.

***Actuarial Assumptions***

The total OPEB liability in the January 1, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary Increases	Ranges from 3.50% to 5.35% based on years of service
Discount Rate	3.65%

**Mortality Rates:**

- Pre-Retirement: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020; males setback 1 year, 85% of rates; females setback 1 year. 25% of deaths are assumed to be service related.
- Post-Retirement: RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year; females setback 1 year with 1.5% increase compounded from ages 70 to 85.
- Post-Disablement: RP-2014 Disabled Mortality Rates projected with Scale BB to 2020; males 115% of rates; females 130% of rates.

The date of the most recent actuarial experience study for which significant assumptions were based is not available.

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements  
As of June 30, 2023 (continued)

**NOTE 23— HEALTH INSURANCE - PAY-AS-YOU-GO (OPEB PLAN) - SCHOOL BOARD: (CONTINUED)**

***Discount Rate***

The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Index. The final equivalent single discount rate used for this year's valuation is 3.65% as of the end of the fiscal year with the expectation that the School Board will continue paying the pay-go cost.

***Changes in Total OPEB Liability***

<b>Changes in Net OPEB Liability - School Board</b>		
		<b>Primary Government Total OPEB Liability</b>
Balances at June 30, 2022	\$	718,548
Changes for the year:		
Service cost		58,912
Interest		27,014
Effect of assumption changes		(6,249)
Benefit payments		(28,924)
Net changes		50,753
Balances at June 30, 2023	\$	769,301

***Sensitivity of the Total OPEB Liability to Changes in the Discount Rate***

The following amounts present the total OPEB liability of the School Board, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.65%) or one percentage point higher (4.65%) than the current discount rate:

<b>Rate</b>		
<b>1% Decrease (2.65%)</b>	<b>Current Discount Rate (3.65%)</b>	<b>1% Increase (4.65%)</b>
\$ 827,562	\$ 769,301	\$ 714,420

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements  
As of June 30, 2023 (continued)

**NOTE 23— HEALTH INSURANCE - PAY-AS-YOU-GO (OPEB PLAN) - SCHOOL BOARD: (CONTINUED)**

***Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates***

The following presents the total OPEB liability of the School Board, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (2.50% increasing to an ultimate rate of 3.20%) or one percentage point higher (4.50% increasing to an ultimate rate of 6.20%) than the current healthcare cost trend rates:

Rates		
Healthcare Cost		
1% Decrease	Trend	1% Increase
\$ 674,924	\$ 769,301	\$ 881,836

***OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources***

For the year ended June 30, 2022, the School Board recognized OPEB expense in the amount of \$60,995. At June 30, 2023, the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 142,112
Changes in assumptions	75,698	31,214
Total	<u>\$ 75,698</u>	<u>\$ 173,326</u>

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

Year Ended June 30	
2024	\$ (25,031)
2025	(25,935)
2026	(20,669)
2027	(8,383)
2028	(8,383)
Thereafter	(9,227)

Additional disclosures on changes in net OPEB liability, related ratios, and employer contributions can be found in the required supplementary information following the notes to the financial statements.



COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements  
As of June 30, 2023 (continued)

**NOTE 23— HEALTH INSURANCE - PAY-AS-YOU-GO (OPEB PLAN) - SCHOOL BOARD: (CONTINUED)**

**Summary of Net OPEB Liabilities, Deferred Outflows of Resources and Deferred Inflows of Resources:**

	Primary Government			
	Net OPEB Liability	Deferred Outflows	Deferred Inflows	OPEB Expense
County Pay-as-you-go (Note 22)	\$ 502,958	\$ 47,839	\$ 133,433	\$ 64,313
Group Life County - (Note 19)	459,965	160,747	92,058	39,400
County HIC Program (Note 20)	53,893	34,063	6,757	4,933
Total	<u>\$ 1,016,816</u>	<u>\$ 242,649</u>	<u>\$ 232,248</u>	<u>\$ 108,646</u>

  

	Component Unit School Board			
	Net OPEB Liability	Deferred Outflows	Deferred Inflows	OPEB Expense
School Pay-as-you-go (Note 23)	\$ 769,301	\$ 75,698	\$ 173,326	\$ 60,995
Group Life - School Professional (Note 19)	569,658	140,865	165,216	16,203
Group Life - School Nonprofessional (Note 19)	39,254	8,369	12,945	(415)
Nonprofessional HIC Program (Note 20)	171,401	13,146	17,475	75,104
Teacher HIC Program (Note 21)	1,379,197	224,983	188,644	101,681
Total	<u>\$ 2,928,811</u>	<u>\$ 463,061</u>	<u>\$ 557,606</u>	<u>\$ 253,568</u>

**NOTE 24— NEW ACCOUNTING STANDARDS:**

Statement No. 99, *Omnibus 2022*, addresses (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The effective dates differ based on the requirements of the Statement, ranging from April 2022 to for fiscal years beginning after June 15, 2023.

Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*, provides more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability for accounting changes and error corrections. The requirements of this Statement are effective for fiscal years beginning after June 15, 2023.

Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences. It aligns the recognition and measurement guidance under a unified model and amends certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023.

Implementation Guide No. 2021-1, *Implementation Guidance Update—2021*, with dates ranging from reporting periods beginning after June 15, 2022 to reporting periods beginning after June 15, 2023.

## COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements  
As of June 30, 2023 (continued)

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### **NOTE 24— NEW ACCOUNTING STANDARDS: (CONTINUED)**

Implementation Guide No. 2023-1, *Implementation Guidance Update—2023*, effective for fiscal years beginning after June 15, 2023.

Management is currently evaluating the impact these standards will have on the financial statements when adopted.

### **NOTE 25— COVID-19:**

#### **ARPA Funding**

On March 11, 2021, the American Rescue Plan (ARPA) Act of 2021 was passed by the federal government. A primary component of the ARPA was the establishment of the Coronavirus State and Local Fiscal Recovery Fund (CSLFRF). Local governments were to receive funds in two tranches, with 50% provided beginning in May 2021 and the balance delivered approximately 12 months later.

In June 2021, the County received its share of the first half of the CSLFRF funds. As a condition of receiving CSLFRF funds, any funds unobligated by December 31, 2024, and unexpended by December 31, 2026, will be returned to the federal government. Unspent funds in the amount of \$1,560,439 from the initial allocation are reported as unearned revenue as of June 30.

#### **ESF Funding**

The CARES Act also established the Education Stabilization Fund (ESF) and allocated \$30.75 billion to the U.S. Department of Education. The ESF is composed of three primary emergency relief funds: (1) a Governor's Emergency Education Relief (GEER) Fund, (2) an Elementary and Secondary School Emergency Relief (ESSER) Fund, and (3) a Higher Education Emergency Relief (HEER) Fund. The Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA Act) was signed into law on December 27, 2020 and added \$81.9 billion to the ESF. In March 2021, the American Rescue Plan Act (ARP Act), in support of ongoing state and institutional COVID-19 recovery efforts, added more than \$170 billion to the ESF. The School Board is receiving this funding from the Virginia Department of Education on a reimbursement basis.

## **REQUIRED SUPPLEMENTARY INFORMATION**

Note to Required Supplementary Information:

Presented budgets were prepared in accordance with accounting principles generally accepted in the United States of America.

## General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2023

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
General property taxes	\$ 25,990,180	\$ 26,085,690	\$ 25,683,983	\$ (401,707)
Other local taxes	2,614,406	2,707,334	3,542,375	835,041
Permits, privilege fees, and regulatory licenses	292,875	292,875	508,914	216,039
Fines and forfeitures	184,250	184,250	273,899	89,649
Revenue from the use of money and property	220,083	220,856	503,712	282,856
Charges for services	72,866	88,482	95,860	7,378
Miscellaneous	87,050	335,511	463,364	127,853
Recovered costs	1,443,882	1,692,867	1,698,424	5,557
Intergovernmental:				
Commonwealth	6,157,172	7,211,838	7,369,513	157,675
Federal	1,600,960	1,872,783	3,846,357	1,973,574
Total revenues	\$ 38,663,724	\$ 40,692,486	\$ 43,986,401	\$ 3,293,915
EXPENDITURES				
Current:				
General government administration	\$ 3,569,963	\$ 3,832,564	\$ 3,587,695	\$ 244,869
Judicial administration	1,240,768	1,401,476	1,213,153	188,323
Public safety	10,849,170	12,418,457	11,019,891	1,398,566
Public works	3,578,294	4,402,976	4,340,120	62,856
Health and welfare	5,123,968	4,939,555	4,622,196	317,359
Education	9,759,637	9,932,507	9,932,507	-
Parks, recreation, and cultural	573,600	596,253	581,859	14,394
Community development	560,096	609,334	518,554	90,780
Nondepartmental	207,166	207,166	207,166	-
Capital projects	829,619	7,199,807	4,153,872	3,045,935
Debt service:				
Principal retirement	1,024,651	1,024,651	1,024,651	-
Interest and other fiscal charges	1,699,662	3,270,571	1,364,767	1,905,804
Total expenditures	\$ 39,016,594	\$ 49,835,317	\$ 42,566,431	\$ 7,268,886
Excess (deficiency) of revenues over (under) expenditures	\$ (352,870)	\$ (9,142,831)	\$ 1,419,970	\$ 10,562,801
OTHER FINANCING SOURCES (USES)				
Issuance of leases	\$ -	\$ -	\$ 6,123	\$ 6,123
Total other financing sources (uses)	\$ -	\$ -	\$ 6,123	\$ 6,123
Net change in fund balances	\$ (352,870)	\$ (9,142,831)	\$ 1,426,093	\$ 10,568,924
Fund balances - beginning	352,870	9,142,831	15,595,689	6,452,858
Fund balances - ending	\$ -	\$ -	\$ 17,021,782	\$ 17,021,782

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios  
Primary Government  
Pension Plans  
For The Measurement Dates of June 30, 2014 through June 30, 2022

	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Total pension liability</b>									
Service cost	\$ 927,316	\$ 800,714	\$ 812,645	\$ 690,198	\$ 715,093	\$ 670,396	\$ 642,911	\$ 648,302	\$ 608,513
Interest	2,077,383	1,952,574	1,837,004	1,773,060	1,658,624	1,613,872	1,636,243	1,554,107	1,477,841
Differences between expected and actual experience	(222,572)	(1,224,195)	615,113	88,440	560,982	(366,157)	(1,497,135)	(78,724)	-
Changes in assumptions	-	1,043,354	-	765,175	-	5,897	-	-	-
Benefit payments	(1,746,574)	(1,554,919)	(1,550,299)	(1,312,558)	(1,287,255)	(1,282,127)	(921,085)	(979,525)	(1,014,156)
<b>Net change in total pension liability</b>	\$ 1,035,553	\$ 1,017,528	\$ 1,714,463	\$ 2,004,315	\$ 1,647,444	\$ 641,881	\$ (139,066)	\$ 1,144,160	\$ 1,072,198
<b>Total pension liability - beginning</b>	<u>30,722,010</u>	<u>29,704,482</u>	<u>27,990,019</u>	<u>25,985,704</u>	<u>24,338,260</u>	<u>23,696,379</u>	<u>23,835,445</u>	<u>22,691,285</u>	<u>21,619,087</u>
<b>Total pension liability - ending (a)</b>	<u>\$ 31,757,563</u>	<u>\$ 30,722,010</u>	<u>\$ 29,704,482</u>	<u>\$ 27,990,019</u>	<u>\$ 25,985,704</u>	<u>\$ 24,338,260</u>	<u>\$ 23,696,379</u>	<u>\$ 23,835,445</u>	<u>\$ 22,691,285</u>
<b>Plan fiduciary net position</b>									
Contributions - employer	\$ 807,514	\$ 724,095	\$ 620,679	\$ 588,834	\$ 603,624	\$ 586,693	\$ 672,423	\$ 633,577	\$ 667,482
Contributions - employee	387,048	348,574	332,040	312,664	298,340	289,810	252,601	244,702	248,749
Net investment income	(42,462)	6,943,397	487,915	1,624,057	1,699,333	2,530,844	364,286	907,326	2,710,890
Benefit payments	(1,746,574)	(1,554,919)	(1,550,299)	(1,312,558)	(1,287,255)	(1,282,127)	(921,085)	(979,525)	(1,014,156)
Administrator charges	(19,795)	(17,302)	(16,814)	(16,020)	(14,732)	(14,715)	(12,671)	(12,350)	(14,578)
Other	734	653	(572)	(1,019)	(1,510)	(2,250)	(153)	(193)	143
<b>Net change in plan fiduciary net position</b>	\$ (613,535)	\$ 6,444,498	\$ (127,051)	\$ 1,195,958	\$ 1,297,800	\$ 2,108,255	\$ 355,401	\$ 793,537	\$ 2,598,530
<b>Plan fiduciary net position - beginning</b>	<u>31,834,072</u>	<u>25,389,574</u>	<u>25,516,625</u>	<u>24,320,667</u>	<u>23,022,867</u>	<u>20,914,612</u>	<u>20,559,211</u>	<u>19,765,674</u>	<u>17,167,144</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 31,220,537</u>	<u>\$ 31,834,072</u>	<u>\$ 25,389,574</u>	<u>\$ 25,516,625</u>	<u>\$ 24,320,667</u>	<u>\$ 23,022,867</u>	<u>\$ 20,914,612</u>	<u>\$ 20,559,211</u>	<u>\$ 19,765,674</u>
<b>County's net pension liability (asset) - ending (a) - (b)</b>	\$ 537,026	\$ (1,112,062)	\$ 4,314,908	\$ 2,473,394	\$ 1,665,037	\$ 1,315,393	\$ 2,781,767	\$ 3,276,234	\$ 2,925,611
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	98.31%	103.62%	85.47%	91.16%	93.59%	94.60%	88.26%	86.25%	87.11%
<b>Covered payroll</b>	\$ 8,307,470	\$ 7,395,271	\$ 7,007,158	\$ 6,551,860	\$ 6,197,162	\$ 5,970,248	\$ 5,131,610	\$ 4,810,683	\$ 4,926,874
<b>County's net pension liability as a percentage of covered payroll</b>	6.46%	-15.04%	61.58%	37.75%	26.87%	22.03%	54.21%	68.10%	59.38%

Schedule is intended to show information for 10 years. Information prior to the 2014 valuation is not available. However, additional years will be included as they become available.

Schedule of Changes in Net Pension Liability and Related Ratios  
Component Unit School Board (nonprofessional)  
Pension Plans  
For The Measurement Dates of June 30, 2014 through June 30, 2022

	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Total pension liability</b>									
Service cost	\$ 78,709	\$ 74,931	\$ 75,204	\$ 70,864	\$ 75,447	\$ 77,136	\$ 85,052	\$ 84,808	\$ 98,467
Interest	346,255	319,169	310,121	294,007	274,669	275,668	265,470	262,208	252,023
Differences between expected and actual experience	(255,377)	77,360	49,029	211,579	199,979	(114,005)	24,513	(83,136)	-
Changes of assumptions	-	130,745	-	110,127	-	(4,064)	-	-	-
Benefit payments	(265,203)	(294,063)	(306,580)	(277,985)	(269,707)	(228,312)	(230,372)	(204,176)	(205,806)
<b>Net change in total pension liability</b>	<b>\$ (95,616)</b>	<b>\$ 308,142</b>	<b>\$ 127,774</b>	<b>\$ 408,592</b>	<b>\$ 280,388</b>	<b>\$ 6,423</b>	<b>\$ 144,663</b>	<b>\$ 59,704</b>	<b>\$ 144,684</b>
<b>Total pension liability - beginning</b>	<b>5,183,596</b>	<b>4,875,454</b>	<b>4,747,680</b>	<b>4,339,088</b>	<b>4,058,700</b>	<b>4,052,277</b>	<b>3,907,614</b>	<b>3,847,910</b>	<b>3,703,226</b>
<b>Total pension liability - ending (a)</b>	<b>5,087,980</b>	<b>5,183,596</b>	<b>4,875,454</b>	<b>4,747,680</b>	<b>4,339,088</b>	<b>4,058,700</b>	<b>4,052,277</b>	<b>3,907,614</b>	<b>3,847,910</b>
<b>Plan fiduciary net position</b>									
Contributions - employer	\$ 97,210	\$ 96,163	\$ 66,596	\$ 64,017	\$ 59,979	\$ 62,921	\$ 74,703	\$ 77,446	\$ 76,884
Contributions - employee	34,826	34,465	35,600	34,115	34,871	36,575	35,640	37,061	36,335
Net investment income	(4,076)	1,066,469	77,448	260,455	284,160	432,043	61,050	161,881	495,868
Benefit payments	(265,203)	(294,063)	(306,580)	(277,985)	(269,707)	(228,312)	(230,372)	(204,176)	(205,806)
Administrator charges	(3,046)	(2,741)	(2,747)	(2,709)	(2,550)	(2,569)	(2,313)	(2,275)	(2,729)
Other	111	100	(89)	(163)	(249)	(382)	(26)	(34)	26
<b>Net change in plan fiduciary net position</b>	<b>\$ (140,178)</b>	<b>\$ 900,393</b>	<b>\$ (129,722)</b>	<b>\$ 77,730</b>	<b>\$ 106,504</b>	<b>\$ 300,276</b>	<b>\$ (61,318)</b>	<b>\$ 69,903</b>	<b>\$ 400,578</b>
<b>Plan fiduciary net position - beginning</b>	<b>4,859,648</b>	<b>3,959,255</b>	<b>4,089,027</b>	<b>4,011,297</b>	<b>3,904,793</b>	<b>3,604,517</b>	<b>3,665,835</b>	<b>3,595,932</b>	<b>3,195,354</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>4,719,470</b>	<b>4,859,648</b>	<b>3,959,255</b>	<b>4,089,027</b>	<b>4,011,297</b>	<b>3,904,793</b>	<b>3,604,517</b>	<b>3,665,835</b>	<b>3,595,932</b>
<b>School Division's net pension liability - ending (a) - (b)</b>	<b>\$ 368,510</b>	<b>\$ 323,948</b>	<b>\$ 916,199</b>	<b>\$ 658,653</b>	<b>\$ 327,791</b>	<b>\$ 153,907</b>	<b>\$ 447,760</b>	<b>\$ 241,779</b>	<b>\$ 251,978</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>92.76%</b>	<b>93.75%</b>	<b>81.21%</b>	<b>86.13%</b>	<b>92.45%</b>	<b>96.21%</b>	<b>88.95%</b>	<b>93.81%</b>	<b>93.45%</b>
<b>Covered payroll</b>	<b>\$ 709,528</b>	<b>\$ 701,544</b>	<b>\$ 720,745</b>	<b>\$ 690,577</b>	<b>\$ 709,125</b>	<b>\$ 741,630</b>	<b>\$ 719,396</b>	<b>\$ 743,755</b>	<b>\$ 726,912</b>
<b>School Division's net pension liability as a percentage of covered payroll</b>	<b>51.94%</b>	<b>46.18%</b>	<b>127.12%</b>	<b>95.38%</b>	<b>46.22%</b>	<b>20.75%</b>	<b>62.24%</b>	<b>32.51%</b>	<b>34.66%</b>

Schedule is intended to show information for 10 years. Information prior to the 2014 valuation is not available. However, additional years will be included as they become available.

Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan  
Pension Plans  
For The Measurement Dates of June 30, 2014 through June 30, 2022

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Employer's Proportion of the Net Pension Liability (Asset)	0.11010%	0.11403%	0.11600%	0.11310%	0.12031%	0.12267%	0.11459%	0.11744%	0.11661%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 10,482,179	\$ 8,852,260	\$ 16,885,412	\$ 14,888,550	\$ 14,148,000	\$ 15,086,000	\$ 16,059,000	\$ 14,781,000	\$ 14,092,000
Employer's Covered Payroll	10,291,140	10,138,070	10,312,225	9,558,257	9,776,252	9,890,689	8,831,974	8,268,366	8,098,877
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	101.86%	87.32%	163.74%	155.77%	144.72%	152.53%	181.83%	178.77%	174.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.61%	85.46%	71.47%	73.51%	74.81%	72.92%	68.28%	70.68%	70.88%

Schedule is intended to show information for 10 years. Information prior to the 2014 valuation is not available. However, additional years will be included as they become available.

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

Schedule of Employer Contributions  
Pension Plans

For The Years Ended June 30, 2014 through June 30, 2023

Date	Contractually Required Contribution (1)*	Contributions in Relation to Contractually Required Contribution (2)*	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
<b>Primary Government</b>					
2023	\$ 972,117	\$ 972,117	\$ -	\$ 8,687,902	11.19%
2022	810,017	810,017	-	8,307,470	9.75%
2021	724,088	724,088	-	7,395,271	9.79%
2020	622,237	622,237	-	7,007,158	8.88%
2019	588,834	588,834	-	6,551,860	8.99%
2018	603,623	603,623	-	6,197,162	9.74%
2017	599,413	599,413	-	5,970,248	10.04%
2016	677,886	677,886	-	5,131,610	13.21%
2015	635,491	635,491	-	4,810,683	13.21%
2014	667,591	667,591	-	4,926,874	13.55%
<b>Component Unit School Board (Nonprofessional)</b>					
2023	\$ 88,637	\$ 88,637	\$ -	\$ 684,981	12.94%
2022	97,209	97,209	-	709,528	13.70%
2021	96,164	96,164	-	701,544	13.71%
2020	66,543	66,543	-	720,745	9.23%
2019	64,017	64,017	-	690,577	9.27%
2018	59,983	59,983	-	709,125	8.46%
2017	63,558	63,558	-	741,630	8.57%
2016	75,033	75,033	-	719,396	10.43%
2015	77,574	77,574	-	743,755	10.43%
2014	76,907	76,907	-	726,912	10.58%
<b>Component Unit School Board (Professional)</b>					
2023	\$ 1,731,258	\$ 1,731,258	\$ -	\$ 10,978,917	15.77%
2022	1,635,619	1,635,619	-	10,291,140	15.89%
2021	1,613,270	1,613,270	-	10,138,070	15.91%
2020	1,541,868	1,541,868	-	10,312,225	14.95%
2019	1,449,843	1,449,843	-	9,558,257	15.17%
2018	1,733,735	1,733,735	-	9,776,252	16.32%
2017	1,449,975	1,449,975	-	9,890,689	14.66%
2016	1,227,802	1,227,802	-	8,831,974	13.90%
2015	1,198,913	1,198,913	-	8,268,366	14.50%

\*Excludes contributions (mandatory and match on voluntary) to the defined contribution portion of the Hybrid plan.

Schedule is intended to show information for 10 years. Information for the School Board (professional) plan prior to 2015 is not available. However, additional years will be included as they become available.



Notes to Required Supplementary Information  
Pension Plans  
For the Year Ended June 30, 2023

**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:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

All Others

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased 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
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Componer

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted 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
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

Schedule of County of Westmoreland, Virginia's Share of Net OPEB Liability  
 Group Life Insurance (GLI) Plan  
 For the Measurement Dates of June 30, 2017 through June 30, 2022

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
<b>Primary Government</b>					
2022	0.03820% \$	459,965 \$	8,309,937	5.54%	67.21%
2021	0.03580%	417,391	7,401,470	5.64%	67.45%
2020	0.03408%	568,739	7,013,227	8.11%	52.64%
2019	0.03345%	544,321	6,557,341	8.30%	52.00%
2018	0.03265%	496,000	6,208,077	7.99%	51.22%
2017	0.03238%	488,000	5,972,040	8.17%	48.86%
<b>Component Unit School Board (Nonprofessional)</b>					
2022	0.00330% \$	39,254 \$	709,528	5.53%	67.21%
2021	0.00350%	40,866	723,766	5.65%	67.45%
2020	0.00350%	58,409	720,745	8.10%	52.64%
2019	0.00352%	57,279	690,577	8.29%	52.00%
2018	0.00373%	57,000	709,125	8.04%	51.22%
2017	0.00402%	60,000	741,630	8.09%	48.86%
<b>Component Unit School Board (Professional)</b>					
2022	0.04730% \$	569,658 \$	10,291,140	5.54%	67.21%
2021	0.04910%	571,890	10,142,487	5.64%	67.45%
2020	0.05011%	836,254	10,312,225	8.11%	54.64%
2019	0.04882%	794,431	9,558,257	8.31%	52.00%
2018	0.05144%	782,000	9,781,015	8.00%	51.22%
2017	0.05280%	795,000	9,739,667	8.16%	48.86%

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However, additional years will be included as they become available.

Schedule of Employer Contributions  
Group Life Insurance (GLI) Plan  
For the Years Ended June 30, 2014 through June 30, 2023

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
<b>Primary Government</b>					
2023	\$ 47,029	\$ 47,029	\$ -	\$ 8,709,158	0.54%
2022	44,874	44,874	-	8,309,937	0.54%
2021	39,968	39,968	-	7,401,470	0.54%
2020	36,469	36,469	-	7,013,227	0.52%
2019	34,098	34,098	-	6,557,341	0.52%
2018	32,282	32,282	-	6,208,077	0.52%
2017	31,055	31,055	-	5,972,040	0.52%
2016	24,658	24,658	-	5,137,105	0.48%
2015	23,091	23,091	-	4,810,683	0.48%
2014	23,649	23,649	-	4,926,874	0.48%
<b>Component Unit School Board (Nonprofessional)</b>					
2023	\$ 3,699	\$ 3,699	\$ -	\$ 684,981	0.54%
2022	3,831	3,831	-	709,528	0.54%
2021	3,908	3,908	-	723,766	0.54%
2020	3,748	3,748	-	720,745	0.52%
2019	3,591	3,591	-	690,577	0.52%
2018	3,687	3,687	-	709,125	0.52%
2017	3,856	3,856	-	741,630	0.52%
2016	3,453	3,453	-	719,395	0.48%
2015	3,570	3,570	-	743,755	0.48%
2014	3,489	3,489	-	726,912	0.48%
<b>Component Unit School Board (Professional)</b>					
2023	\$ 59,286	\$ 59,286	\$ -	\$ 10,978,917	0.54%
2022	55,572	55,572	-	10,291,140	0.54%
2021	54,769	54,769	-	10,142,487	0.54%
2020	53,624	53,624	-	10,312,225	0.52%
2019	49,771	49,771	-	9,558,257	0.52%
2018	50,861	50,861	-	9,781,015	0.52%
2017	50,646	50,646	-	9,739,667	0.52%
2016	41,975	41,975	-	8,744,831	0.48%
2015	41,912	41,912	-	8,731,688	0.48%
2014	40,933	40,933	-	8,527,695	0.48%

Notes to Required Supplementary Information  
Group Life Insurance (GLI) Plan  
For the Year Ended June 30, 2023

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**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:

**Teachers**

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted 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
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

**Non-Largest Ten Locality Employers - General Employees**

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted 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
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

**Non-Largest Ten Locality Employers - Hazardous Duty Employees**

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased 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
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Schedule of Changes in the County's Net OPEB Liability and Related Ratios  
Health Insurance Credit (HIC) Plan  
For the Measurement Dates of June 30, 2017 through June 30, 2022

	2022	2021	2020	2019	2018	2017
<b>Total HIC OPEB Liability</b>						
Service cost	\$ 3,756	\$ 2,361	\$ 2,919	\$ 2,535	\$ 2,862	\$ 2,503
Interest	5,764	4,416	4,249	4,131	3,918	3,795
Differences between expected and actual experience	(7,322)	14,598	1,556	448	(611)	-
Changes of assumptions	16,860	1,185	-	1,618	-	(2,146)
Benefit payments	(6,267)	(6,406)	(6,102)	(3,514)	(2,738)	(2,062)
<b>Net change in total HIC OPEB liability</b>	\$ 12,791	\$ 16,154	\$ 2,622	\$ 5,218	\$ 3,431	\$ 2,090
<b>Total HIC OPEB Liability - beginning</b>	<b>84,770</b>	<b>68,616</b>	<b>65,994</b>	<b>60,776</b>	<b>57,345</b>	<b>55,255</b>
<b>Total HIC OPEB Liability - ending (a)</b>	<b>\$ 97,561</b>	<b>\$ 84,770</b>	<b>\$ 68,616</b>	<b>\$ 65,994</b>	<b>\$ 60,776</b>	<b>\$ 57,345</b>
<b>Plan fiduciary net position</b>						
Contributions - employer	\$ 7,809	\$ 6,407	\$ 6,092	\$ 5,493	\$ 6,287	\$ 5,895
Net investment income	(3)	7,470	561	1,704	1,490	1,824
Benefit payments	(6,267)	(6,406)	(6,102)	(3,514)	(2,738)	(2,062)
Administrator charges	(76)	(89)	(54)	(38)	(39)	(35)
Other	6,353	-	-	(2)	(79)	79
<b>Net change in plan fiduciary net position</b>	\$ 7,816	\$ 7,382	\$ 497	\$ 3,643	\$ 4,921	\$ 5,701
<b>Plan fiduciary net position - beginning</b>	<b>35,852</b>	<b>28,470</b>	<b>27,973</b>	<b>24,330</b>	<b>19,409</b>	<b>13,708</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 43,668</b>	<b>\$ 35,852</b>	<b>\$ 28,470</b>	<b>\$ 27,973</b>	<b>\$ 24,330</b>	<b>\$ 19,409</b>
<b>Net HIC OPEB liability - ending (a) - (b)</b>	<b>\$ 53,893</b>	<b>\$ 48,918</b>	<b>\$ 40,146</b>	<b>\$ 38,021</b>	<b>\$ 36,446</b>	<b>\$ 37,936</b>
<b>Plan fiduciary net position as a percentage of the total HIC OPEB liability</b>	<b>44.76%</b>	<b>42.29%</b>	<b>41.49%</b>	<b>42.39%</b>	<b>40.03%</b>	<b>33.85%</b>
<b>Covered payroll</b>	<b>\$ 3,549,068</b>	<b>\$ 2,912,198</b>	<b>\$ 2,769,139</b>	<b>\$ 2,496,883</b>	<b>\$ 2,329,923</b>	<b>\$ 2,184,545</b>
<b>Net HIC OPEB liability as a percentage of covered payroll</b>	<b>1.52%</b>	<b>1.68%</b>	<b>1.45%</b>	<b>1.52%</b>	<b>1.56%</b>	<b>1.74%</b>

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However, additional years will be included as they become available.

Schedule of Changes in the Westmoreland County School Board's Net OPEB Liability and Related Ratios  
Health Insurance Credit (HIC) Plan  
For the Measurement Dates of June 30, 2020 through June 30, 2022

	2022	2021	2020
<b>Total HIC OPEB Liability</b>			
Service cost	\$ 824	\$ 1,044	\$ -
Interest	9,236	8,386	-
Changes of benefit terms	72,544	-	124,231
Differences between expected and actual experience	(26,870)	-	-
Changes of assumptions	3,376	5,464	-
Benefit payments	(6,245)	-	-
<b>Net change in total HIC OPEB liability</b>	<b>\$ 52,865</b>	<b>\$ 14,894</b>	<b>\$ 124,231</b>
<b>Total HIC OPEB Liability - beginning</b>	<b>139,125</b>	<b>124,231</b>	<b>-</b>
<b>Total HIC OPEB Liability - ending (a)</b>	<b>\$ 191,990</b>	<b>\$ 139,125</b>	<b>\$ 124,231</b>
<b>Plan fiduciary net position</b>			
Contributions - employer	\$ 16,106	\$ 9,541	\$ -
Net investment income	(25)	1,392	-
Benefit payments	(6,245)	-	-
Administrator charges	(44)	(43)	-
Other	107	-	-
<b>Net change in plan fiduciary net position</b>	<b>\$ 9,899</b>	<b>\$ 10,890</b>	<b>\$ -</b>
<b>Plan fiduciary net position - beginning</b>	<b>10,890</b>	<b>-</b>	<b>-</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 20,789</b>	<b>\$ 10,890</b>	<b>\$ -</b>
<b>Net HIC OPEB liability - ending (a) - (b)</b>	<b>\$ 171,201</b>	<b>\$ 128,235</b>	<b>\$ 124,231</b>
<b>Plan fiduciary net position as a percentage of the total HIC OPEB liability</b>	<b>10.83%</b>	<b>7.83%</b>	<b>0.00%</b>
<b>Covered payroll</b>	<b>\$ 709,528</b>	<b>\$ 701,544</b>	<b>\$ 690,577</b>
<b>Net HIC OPEB liability as a percentage of covered payroll</b>	<b>24.13%</b>	<b>18.28%</b>	<b>17.99%</b>

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However, additional years will be included as they become available.

Schedule of Employer Contributions  
 Health Insurance Credit (HIC) Plan  
 For the Years Ended June 30, 2014 through June 30, 2023

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Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
<b>Primary Government</b>					
2023	\$ 8,604	\$ 8,604	\$ -	\$ 3,910,852	0.22%
2022	7,808	7,808	-	3,549,068	0.22%
2021	6,407	6,407	-	2,912,198	0.22%
2020	6,092	6,092	-	2,769,139	0.22%
2019	5,493	5,493	-	2,496,883	0.22%
2018	6,291	6,291	-	2,329,923	0.27%
2017	5,898	5,898	-	2,184,545	0.27%
2016	4,021	4,021	-	1,675,322	0.24%
2015	3,357	3,357	-	1,398,662	0.24%
2014	1,409	1,409	-	1,409,222	0.10%
<b>Component Unit School Board (Nonprofessional)</b>					
2023	\$ 8,699	\$ 8,699	\$ -	\$ 684,981	1.27%
2022	9,650	9,650	-	709,528	1.36%
2021	9,541	9,541	-	701,544	1.36%

Schedule is intended to show information for 10 years. The Component Unit School Board started participating in the nonprofessional plan in 2020.

Notes to Required Supplementary Information  
Health Insurance Credit (HIC) Plan  
For the Year Ended June 30, 2023

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**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:

**Non-Largest Ten Locality Employers - General Employees**

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted 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
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

**Non-Largest Ten Locality Employers - Hazardous Duty Employees**

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased 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
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change



Schedule of Westmoreland School Board's Share of Net OPEB Liability  
Teacher Employee Health Insurance Credit (HIC) Plan  
For the Measurement Dates of June 30, 2017 through June 30, 2022

Date (1)	Employer's Proportion of the Net HIC OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability (6)
2022	0.11404%	\$ 1,379,197	\$ 10,978,917	12.56%	15.08%
2021	0.11463%	1,471,355	10,138,070	14.51%	13.15%
2020	0.11763%	1,534,503	10,312,225	14.88%	9.95%
2019	0.11396%	1,491,847	9,558,257	15.61%	8.97%
2018	0.12094%	1,536,000	9,781,015	15.70%	8.08%
2017	0.12341%	1,565,000	9,739,667	16.07%	7.04%

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However, additional years will be included as they become available.

## Schedule of Employer Contributions

Teacher Employee Health Insurance Credit (HIC) Plan

For the Years Ended June 30, 2014 through June 30, 2023

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2023	\$ 132,845	\$ 132,845	\$ -	\$ 10,978,917	1.21%
2022	124,523	124,523	-	10,291,140	1.21%
2021	122,671	122,671	-	10,138,070	1.21%
2020	123,747	123,747	-	10,312,225	1.20%
2019	114,699	114,699	-	9,558,257	1.20%
2018	120,306	120,306	-	9,781,015	1.23%
2017	108,110	108,110	-	9,739,667	1.11%
2016	92,613	92,613	-	8,737,106	1.06%
2015	92,556	92,556	-	8,731,688	1.06%
2014	94,657	94,657	-	8,527,695	1.11%

Notes to Required Supplementary Information  
 Teacher Employee Health Insurance Credit (HIC) Plan  
 For the Year Ended June 30, 2023

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**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:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted 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
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios  
 Pay-As-You-Go Plan  
 For the Measurement Dates of June 30, 2018 through 2023

	Primary Government 2023	Primary Government 2022	Primary Government 2021	Primary Government 2020	Primary Government 2019	Primary Government 2018
<b>Total OPEB liability</b>						
Service cost	\$ 91,417	\$ 62,119	\$ 63,179	\$ 50,867	\$ 49,903	\$ 50,455
Interest	16,997	9,539	10,874	14,498	17,859	16,284
Changes in assumptions	(46,193)	(55,554)	(24,128)	28,232	(82,701)	(14,166)
Economic/demographic gains or losses	54,421	-	(85,504)	-	(29,041)	-
Benefit payments	(4,795)	(8,994)	(18,521)	(37,408)	(29,202)	(24,355)
<b>Net change in total OPEB liability</b>	<b>\$ 111,847</b>	<b>\$ 7,110</b>	<b>\$ (54,100)</b>	<b>\$ 56,189</b>	<b>\$ (73,182)</b>	<b>\$ 28,218</b>
<b>Total OPEB liability - beginning</b>	<b>391,111</b>	<b>384,001</b>	<b>438,101</b>	<b>381,912</b>	<b>455,094</b>	<b>426,876</b>
<b>Total OPEB liability - ending</b>	<b>\$ 502,958</b>	<b>\$ 391,111</b>	<b>\$ 384,001</b>	<b>\$ 438,101</b>	<b>\$ 381,912</b>	<b>\$ 455,094</b>
 <b>Covered-employee payroll</b>	 \$ 6,742,838	 \$ 5,927,569	 \$ 5,927,569	 \$ 5,461,505	 \$ 5,461,505	 \$ 4,971,600
 <b>School Board's total OPEB liability (asset) as a percentage of covered-employee payroll</b>	 7.46%	 6.60%	 6.48%	 8.02%	 6.99%	 9.15%

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

Notes to Required Supplementary Information - Pay-As-You Go OPEB Plan  
For the Year Ended June 30, 2023

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Valuation Date: 7/1/2022

Measurement Date: 6/30/2023

No assets are accumulated in a trust that meets the criteria in GASB 75 to pay related benefits.

*Methods and assumptions used to determine OPEB liability:*

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	3.65%
Inflation	2.50%
Healthcare Trend Rate	The healthcare trend rate assumption starts at 6.40% to 3.90% over 49 years.
Salary Increase Rates	Varies based on years of service
Retirement Age	Based in VRS eligibility and service requirments
Mortality Rates	The mortality rates are based on the RP-2014 Employee Mortality Tables.

Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios  
 Component Unit School Board  
 For the Measurement Dates of June 30, 2018 through 2023

	2023	2022	2021	2020	2019	2018
<b>Total OPEB liability</b>						
Service cost	\$ 58,912	\$ 65,990	\$ 66,977	\$ 55,041	\$ 56,509	\$ 57,806
Interest	27,014	16,782	16,008	38,265	38,623	34,151
Effect of plan changes	-	-	-	(323,393)		
Effect of economic/demographic gains or losses	-	(152,897)	-	(66,919)		
Changes in assumptions	(6,249)	92,118	1,994	(53,023)	35,297	(34,352)
Benefit payments	(28,924)	(28,680)	(34,021)	(27,662)	(39,642)	(28,442)
<b>Net change in total OPEB liability</b>	<b>\$ 50,753</b>	<b>\$ (6,687)</b>	<b>\$ 50,958</b>	<b>\$ (377,691)</b>	<b>\$ 90,787</b>	<b>\$ 29,163</b>
<b>Total OPEB liability - beginning</b>	<b>718,548</b>	<b>725,235</b>	<b>674,277</b>	<b>1,051,968</b>	<b>961,181</b>	<b>932,018</b>
<b>Total OPEB liability - ending</b>	<b>\$ 769,301</b>	<b>\$ 718,548</b>	<b>\$ 725,235</b>	<b>\$ 674,277</b>	<b>\$ 1,051,968</b>	<b>\$ 961,181</b>
 <b>Covered-employee payroll</b>	 \$ 10,409,662	 \$ 10,409,662	 \$ 10,103,423	 \$ 10,103,423	 \$ 10,512,834	 \$ 10,512,834
 <b>School Board's total OPEB liability (asset) as a percentage of covered-employee payroll</b>	 7.39%	 6.90%	 7.18%	 6.67%	 10.01%	 9.14%

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

Notes to Required Supplementary Information - Component Unit School Board Pay-As-You Go OPEB Plan  
For the Year Ended June 30, 2023

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Valuation Date: 1/1/2022

Measurement Date: 6/30/2023

No assets are accumulated in a trust that meets the criteria in GASB 75 to pay related benefits.

*Methods and assumptions used to determine OPEB liability:*

Actuarial Cost Method	Entry age normal
Discount Rate	3.65%
Inflation	2.50%
Healthcare Trend Rate	The healthcare trend rate assumption starts at 3.50% and gradually increases to 4.20% by 2092 for pre-65 and 1.80% gradually increases to 4.60% for post-65
Salary Increase Rates	Ranges from 3.50% to 5.35% based on years of service
Retirement Age	Based in VRS eligibility and service requirments
Mortality Rates	The mortality rates are based on the RP-2014 Employee Mortality Tables.

**OTHER SUPPLEMENTARY INFORMATION**



## **Combining and Individual Fund Financial Statements and Schedules**

Capital Projects Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u>
				<u>Positive</u>
				<u>(Negative)</u>
<b>REVENUES</b>				
Revenue from the use of money and property	\$ 1,800	\$ 1,800	\$ 2,538	\$ 738
Intergovernmental revenues:				
Contribution from school board	-	112,856	112,856	-
Total revenues	<u>\$ 1,800</u>	<u>\$ 114,656</u>	<u>\$ 115,394</u>	<u>\$ 738</u>
<b>EXPENDITURES</b>				
Capital projects	\$ 381,800	\$ 2,182,503	\$ 1,753,912	\$ 428,591
Total expenditures	<u>\$ 381,800</u>	<u>\$ 2,182,503</u>	<u>\$ 1,753,912</u>	<u>\$ 428,591</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (380,000)</u>	<u>\$ (2,067,847)</u>	<u>\$ (1,638,518)</u>	<u>\$ 429,329</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of revenue bonds	\$ -	\$ 2,660,860	\$ 2,827,215	\$ -
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ 2,660,860</u>	<u>\$ 2,827,215</u>	<u>\$ -</u>
Net change in fund balances	\$ (380,000)	\$ 593,013	\$ 1,188,697	\$ 429,329
Fund balances - beginning	380,000	(593,013)	(803,932)	(210,919)
Fund balances - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 384,765</u></u>	<u><u>\$ 218,410</u></u>

Combining Balance Sheet  
 Nonmajor Special Revenue Funds  
 June 30, 2023

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	Placid Bay Sanitary District Fund	Glebe Harbor Cabin Point Sanitary District Fund	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,007,641	\$ 273,776	\$ 1,281,417
Investments	1,226	-	1,226
Restricted assets:			
Investments	49,631	-	49,631
Total assets	<u>\$ 1,058,498</u>	<u>\$ 273,776</u>	<u>\$ 1,332,274</u>
<b>LIABILITIES</b>			
Accounts payable	<u>\$ 5,863</u>	<u>\$ 20,487</u>	<u>\$ 26,350</u>
<b>FUND BALANCES:</b>			
Restricted	\$ 49,631	\$ -	\$ 49,631
Committed	1,003,004	253,289	1,256,293
Total fund balances	<u>\$ 1,052,635</u>	<u>\$ 253,289</u>	<u>\$ 1,305,924</u>
Total liabilities and fund balances	<u>\$ 1,058,498</u>	<u>\$ 273,776</u>	<u>\$ 1,332,274</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Nonmajor Special Revenue Funds  
 For the Year Ended June 30, 2023

	Placid Bay Sanitary District Fund	Glebe Harbor Cabin Point Sanitary District Fund	Total
<b>REVENUES</b>			
General property taxes	\$ 73,509	\$ -	\$ 73,509
Revenue from the use of money and property	650	-	650
Charges for services	215,374	294,695	510,069
Total revenues	\$ 289,533	\$ 294,695	\$ 584,228
<b>EXPENDITURES</b>			
Current:			
Community development	\$ -	\$ 146,832	\$ 146,832
Capital projects	110,403	1,268,742	1,379,145
Debt service:			
Principal retirement	20,000	65,385	85,385
Interest and other fiscal charges	28,181	7,256	35,437
Total expenditures	\$ 158,584	\$ 1,488,215	\$ 1,646,799
Excess (deficiency) of revenues over (under) expenditures	\$ 130,949	\$ (1,193,520)	\$ (1,062,571)
<b>OTHER FINANCING SOURCES (USES)</b>			
Issuance of revenue bonds	\$ -	\$ 1,260,000	\$ 1,260,000
Total other financing sources (uses)	\$ -	\$ 1,260,000	\$ 1,260,000
Net change in fund balances	\$ 130,949	\$ 66,480	\$ 197,429
Fund balances - beginning	921,686	186,809	1,108,495
Fund balances - ending	\$ 1,052,635	\$ 253,289	\$ 1,305,924

COUNTY OF WESTMORELAND, VIRGINIA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
Nonmajor Special Revenue Funds  
For the Year Ended June 30, 2023

	Placid Bay Sanitary District Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts			
	Original	Final	Actual	
REVENUES				
General property taxes	\$ 76,865	\$ 76,865	\$ 73,509	\$ (3,356)
Revenue from the use of money and property	100	100	650	550
Charges for services	211,275	211,275	215,374	4,099
Total revenues	\$ 288,240	\$ 288,240	\$ 289,533	\$ 1,293
EXPENDITURES				
Current:				
Community development	\$ -	\$ -	\$ -	\$ -
Capital projects	607,517	1,619,645	110,403	1,509,242
Debt service:				
Principal retirement	20,000	20,000	20,000	-
Interest and other fiscal charges	28,182	28,182	28,181	1
Total expenditures	\$ 655,699	\$ 1,667,827	\$ 158,584	\$ 1,509,243
Excess (deficiency) of revenues over (under) expenditures	\$ (367,459)	\$ (1,379,587)	\$ 130,949	\$ 1,510,536
OTHER FINANCING SOURCES (USES)				
Issuance of revenue bonds	\$ -	\$ -	\$ -	\$ -
Total other financing sources (uses)	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ (367,459)	\$ (1,379,587)	\$ 130,949	\$ 1,510,536
Fund balances - beginning	367,459	1,379,587	921,686	(457,901)
Fund balances - ending	\$ -	\$ -	\$ 1,052,635	\$ 1,052,635

Glebe Harbor-Cabin Point Sanitary District Fund				
Budgeted Amounts			Variance with	
Original	Final	Actual	Final Budget	Positive
			(Negative)	
\$ -	\$ -	\$ -	\$ -	-
-	-	-	-	-
286,948	286,948	294,695	7,747	
\$ 286,948	\$ 286,948	\$ 294,695	\$ 7,747	
\$ 164,968	\$ 241,122	\$ 146,832	\$ 94,290	
19,700	1,287,600	1,268,742	18,858	
65,385	65,385	65,385	-	
36,895	36,895	7,256	29,639	
\$ 286,948	\$ 1,631,002	\$ 1,488,215	\$ 142,787	
\$ -	\$ (1,344,054)	\$ (1,193,520)	\$ 150,534	
\$ -	\$ 1,260,000	\$ 1,260,000	\$ -	
\$ -	\$ 1,260,000	\$ 1,260,000	\$ -	
\$ -	\$ (84,054)	\$ 66,480	\$ 150,534	
-	84,054	186,809	102,755	
\$ -	\$ -	\$ 253,289	\$ 253,289	

Combining Balance Sheet  
Discretely Presented Component Unit - School Board  
June 30, 2023

	School Operating Fund	School Cafeteria Fund	School Activity Fund	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 3,984,039	\$ 671,020	\$ 142,705	\$ 4,797,764
Accounts receivable	17,933	3,393	8,103	29,429
Due from other governmental units	2,074,692	28,921	-	2,103,613
Total assets	<u>\$ 6,076,664</u>	<u>\$ 703,334</u>	<u>\$ 150,808</u>	<u>\$ 6,930,806</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 303,804	\$ 51,106	\$ 6,371	\$ 361,281
Accrued liabilities	1,365,064	35,235	-	1,400,299
Retainage payable	6,638	-	-	6,638
Due to other governmental units	112,023	-	-	112,023
Total liabilities	<u>\$ 1,787,529</u>	<u>\$ 86,341</u>	<u>\$ 6,371</u>	<u>\$ 1,880,241</u>
<b>FUND BALANCES:</b>				
Restricted - school activities	\$ -	\$ -	\$ 144,437	\$ 144,437
Restricted - construction	1,296,673	-	-	1,296,673
Committed - cafeteria	-	616,993	-	616,993
Unassigned	2,992,462	-	-	2,992,462
Total fund balances	<u>\$ 4,289,135</u>	<u>\$ 616,993</u>	<u>\$ 144,437</u>	<u>\$ 5,050,565</u>
Total liabilities and fund balances	<u>\$ 6,076,664</u>	<u>\$ 703,334</u>	<u>\$ 150,808</u>	<u>\$ 6,930,806</u>

Amounts reported for governmental activities in the statement of net position  
(Exhibit 1) are different because:

Total fund balances per above	\$ 5,050,565
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Land	\$ 258,916
Construction in progress	4,301,514
Buildings and systems	6,797,740
Machinery and equipment	5,677,570
Lease equipment	55,499
Subscription assets	<u>25,201</u>
	17,116,440
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.	
OPEB related items	(557,606)
Pension related items	<u>(3,126,650)</u>
	(3,684,256)
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds	
Pension related items	2,966,719
OPEB related items	<u>463,061</u>
	3,429,780
Long-term liabilities, are not due and payable in the current period and, therefore, are not reported in the funds.	
Compensated absences	\$ (218,210)
Net OPEB liability	(2,928,811)
Net pension liability	(10,850,689)
Lease liabilities	<u>(57,982)</u>
	(14,055,692)
Net position of governmental activities	<u>\$ 7,856,837</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Governmental Funds - Discretely Presented Component Unit - School Board  
 For the Year Ended June 30, 2023

	School Operating Fund	School Cafeteria Fund	School Activity Fund	Total Governmental Funds
<b>REVENUES</b>				
Revenue from the use of money and property	\$ 42,432	\$ 4	\$ -	\$ 42,436
Charges for services	-	22,082	-	22,082
Miscellaneous	270,110	28,656	241,154	539,920
Intergovernmental:				
Local government	9,921,365	-	-	9,921,365
Commonwealth	15,609,121	33,973	-	15,643,094
Federal	6,144,236	1,534,388	-	7,678,624
Total revenues	\$ 31,987,264	\$ 1,619,103	\$ 241,154	\$ 33,847,521
<b>EXPENDITURES</b>				
Current:				
Education	\$ 26,856,128	\$ 1,529,422	\$ 235,744	\$ 28,621,294
Contribution to primary government	112,856	-	-	112,856
Capital projects	2,102,304	-	-	2,102,304
Debt service:				
Principal retirement	66,155	-	-	66,155
Interest and other fiscal charges	1,153	-	-	1,153
Total expenditures	\$ 29,138,596	\$ 1,529,422	\$ 235,744	\$ 30,903,762
Excess (deficiency) of revenues over (under) expenditures	\$ 2,848,668	\$ 89,681	\$ 5,410	\$ 2,943,759
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of lease	\$ 39,176	\$ -	\$ -	\$ 39,176
Total other financing sources (uses)	\$ 39,176	\$ -	\$ -	\$ 39,176
Net change in fund balances	\$ 2,887,844	\$ 89,681	\$ 5,410	\$ 2,982,935
Fund balances - beginning of year	1,401,291	527,312	139,027	2,067,630
Fund balances - ending	\$ 4,289,135	\$ 616,993	\$ 144,437	\$ 5,050,565

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

Net change in fund balances - total governmental funds - per above \$ 2,982,935

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period.

Capital asset additions	\$ 3,396,840	
Depreciation expense	(756,534)	2,640,306

Transfer of joint tenancy assets from Primary Government to the Component Unit

56,500

Bond and loan proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases the long term liabilities and does not affect the statement of activities. Similarly, the repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.

Debt issued:		
Subscriptions	\$ (39,176)	
Repayments of long-term debt:		
Energy performance contract	204,236	
Subscription liabilities	39,176	
Lease liabilities	26,979	231,215

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.

Compensated absences	\$ (17,880)	
OPEB expense	14,998	
Pension expense	1,522,739	1,519,857

Special contributions received from the Commonwealth for the teacher cost sharing pool are not reported in governmental funds.

515,708

Change in net position of governmental activities \$ 7,946,521



COUNTY OF WESTMORELAND, VIRGINIA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
Discretely Presented Component Unit - School Board  
For the Year Ended June 30, 2023

School Operating Fund					Variance with Final Budget Positive (Negative)			
		Budgeted Amounts		Actual				
	Original		Final					
<b>REVENUES</b>								
Revenue from the use of money and property	\$	30,500	\$	39,421	\$	42,432	\$	3,011
Charges for services		-		-		-		-
Miscellaneous		106,900		184,770		270,110		85,340
Intergovernmental:								
Local government		9,748,495		9,921,365		9,921,365		-
Commonwealth		13,494,267		15,573,147		15,609,121		35,974
Federal		1,443,810		6,374,658		6,144,236		(230,422)
Total revenues	\$	<u>24,823,972</u>	\$	<u>32,093,361</u>	\$	<u>31,987,264</u>	\$	<u>(106,097)</u>
<b>EXPENDITURES</b>								
Current:								
Education	\$	24,747,798	\$	29,574,172	\$	26,856,128	\$	2,718,044
Contribution to primary government		-		112,856		112,856		-
Capital projects		-		3,059,060		2,102,304		956,756
Debt service:								
Principal retirement		66,155		66,155		66,155		-
Interest and other fiscal charges		1,153		1,153		1,153		-
Total expenditures	\$	<u>24,815,106</u>	\$	<u>32,813,396</u>	\$	<u>29,138,596</u>	\$	<u>3,674,800</u>
Excess (deficiency) of revenues over (under)								
expenditures	\$	<u>8,866</u>	\$	<u>(720,035)</u>	\$	<u>2,848,668</u>	\$	<u>3,568,703</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
Issuance of lease	\$	-	\$	-	\$	39,176	\$	39,176
Total other financing sources (uses)	\$	<u>-</u>	\$	<u>-</u>	\$	<u>39,176</u>	\$	<u>39,176</u>
Net change in fund balances								
	\$	8,866	\$	(720,035)	\$	2,887,844	\$	3,607,879
Fund balances - beginning		(8,866)		720,035		1,401,291		681,256
Fund balances - ending	\$	<u>-</u>	\$	<u>-</u>	\$	<u>4,289,135</u>	\$	<u>4,289,135</u>

Exhibit 38

School Cafeteria Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ 25	\$ 25	\$ 4	\$ (21)
-	-	22,082	22,082
28,500	28,500	28,656	156
-	-	-	-
41,297	41,297	33,973	(7,324)
1,388,783	1,388,783	1,534,388	145,605
\$ 1,458,605	\$ 1,458,605	\$ 1,619,103	\$ 160,498
\$ 1,558,605	\$ 1,758,605	\$ 1,529,422	\$ 229,183
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
\$ 1,558,605	\$ 1,758,605	\$ 1,529,422	\$ 229,183
\$ (100,000)	\$ (300,000)	\$ 89,681	\$ 389,681
\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -
\$ (100,000)	\$ (300,000)	\$ 89,681	\$ 389,681
100,000	300,000	527,312	227,312
\$ -	\$ -	\$ 616,993	\$ 616,993

Statement of Fiduciary Net Position  
Discretely Presented Component Unit - School Board  
Custodial Funds  
June 30, 2023

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	<u>Alternative Education Program</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 138,844
Receivables:	
Due from state	<u>25,937</u>
Total assets	\$ <u>164,781</u>
<b>NET POSITION</b>	
Restricted:	
Net position restricted to individuals and organizations	\$ <u><u>153,755</u></u>

The accompanying notes to financial statements are in integral poart of this statement

Statement of Changes in Fiduciary Net Position  
Discretely Presented Component Unit - School Board  
Custodial Funds  
For the Year Ended June 30, 2023

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	<u>Alternative Education Program</u>
<b>Additions:</b>	
<b>Contributions</b>	
Contributions	\$ <u>407,080</u>
Total additions	\$ <u>407,080</u>
<b>Deductions</b>	
Other charges	\$ <u>338,212</u>
Total deductions	\$ <u>338,212</u>
Net Increase (decrease) in plan assets	\$ 68,868
<b>Net Positions</b>	
Balance, beginning of year	<u>84,887</u>
Balance, end of year	\$ <u><u>153,755</u></u>

The accompanying notes to financial statements are in integral poart of this statement

## **Supporting Schedules**

Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2023

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund:</b>				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 18,633,739	\$ 17,776,443	\$ 17,516,481	\$ (259,962)
Real and personal public service corporation taxes	397,000	397,000	456,276	59,276
Personal property taxes	6,243,391	7,196,197	6,855,721	(340,476)
Mobile home taxes	30,430	30,430	30,199	(231)
Machinery and tools taxes	122,500	122,500	126,406	3,906
Farm machinery and tools taxes	110,000	110,000	130,073	20,073
Merchants capital taxes	78,120	78,120	82,373	4,253
Penalties	250,000	250,000	325,284	75,284
Interest	125,000	125,000	161,170	36,170
Total general property taxes	\$ 25,990,180	\$ 26,085,690	\$ 25,683,983	\$ (401,707)
Other local taxes:				
Local sales and use taxes	\$ 970,106	\$ 1,017,988	\$ 1,456,037	\$ 438,049
Consumers' utility taxes	338,000	338,000	350,156	12,156
Utility gross receipts taxes	51,000	51,000	50,006	(994)
Motor vehicle licenses	799,800	799,800	834,793	34,993
Taxes on recordation and wills	210,000	210,000	325,271	115,271
E-911 taxes	3,000	3,000	9,050	6,050
Cigarette tax	102,000	102,000	156,010	54,010
Meals tax	115,000	115,000	240,125	125,125
Transient occupancy tax	25,000	70,046	120,462	50,416
Golf cart decals	500	500	465	(35)
Total other local taxes	\$ 2,614,406	\$ 2,707,334	\$ 3,542,375	\$ 835,041
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 5,000	\$ 5,000	\$ 4,841	\$ (159)
Permits and other licenses	287,875	287,875	504,073	216,198
Total permits, privilege fees, and regulatory licenses	\$ 292,875	\$ 292,875	\$ 508,914	\$ 216,039
Fines and forfeitures:				
Court fines and forfeitures	\$ 184,250	\$ 184,250	\$ 273,899	\$ 89,649
Revenue from use of money and property:				
Revenue from use of money	\$ 53,000	\$ 53,773	\$ 337,861	\$ 284,088
Revenue from use of property	167,083	167,083	165,851	(1,232)
Total revenue from use of money and property	\$ 220,083	\$ 220,856	\$ 503,712	\$ 282,856
Charges for services:				
Sheriff's fees	\$ 1,300	\$ 1,300	\$ 1,309	\$ 9
Charges for law enforcement and traffic control	19,866	24,045	23,323	(722)
Charges for courthouse maintenance	18,000	18,000	20,905	2,905
Charges for court appointed attorney	6,000	6,000	2,706	(3,294)
Concealed weapons permits	10,000	10,000	12,934	2,934
Charges for Commonwealth's Attorney	1,600	1,600	2,230	630

Schedule of Revenues - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2023 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (Continued)</b>				
Charges for services: (Continued)				
Miscellaneous jail and inmate fees	\$ 3,600	\$ 3,600	\$ 4,705	\$ 1,105
Charges for animal control	2,000	2,000	1,660	(340)
Charges for sanitation and waste removal	7,500	7,500	10,482	2,982
Charges for parks, recreation and cultural	-	11,437	11,437	-
Charges for planning and community development	3,000	3,000	4,169	1,169
Total charges for services	\$ 72,866	\$ 88,482	\$ 95,860	\$ 7,378
Miscellaneous:				
Expenditure refunds	\$ 200	\$ 3,480	\$ 14,345	\$ 10,865
Miscellaneous other	86,850	332,031	449,019	116,988
Total miscellaneous	\$ 87,050	\$ 335,511	\$ 463,364	\$ 127,853
Recovered costs:				
Other recovered costs	\$ 643,882	\$ 643,882	\$ 649,439	\$ 5,557
Rescue recovery	800,000	1,048,985	1,048,985	-
Total recovered costs	\$ 1,443,882	\$ 1,692,867	\$ 1,698,424	\$ 5,557
Total revenue from local sources	\$ 30,905,592	\$ 31,607,865	\$ 32,770,531	\$ 1,162,666
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 50	\$ 50	\$ 27	\$ (23)
Mobile home titling tax	20,000	20,000	55,452	35,452
Motor vehicle rental tax	4,000	4,000	5,689	1,689
Tax on deeds	65,000	65,000	108,780	43,780
Communication sales and use taxes	355,137	355,137	441,567	86,430
Personal property tax relief funds	1,139,679	1,139,679	1,139,679	-
Total noncategorical aid	\$ 1,583,866	\$ 1,583,866	\$ 1,751,194	\$ 167,328
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 314,802	\$ 314,802	\$ 313,729	\$ (1,073)
Sheriff	1,180,967	1,180,967	1,189,798	8,831
Commissioner of revenue	125,328	125,328	135,574	10,246
Treasurer	120,269	120,269	118,643	(1,626)
Registrar/electoral board	39,000	39,000	66,437	27,437
Clerk of the Circuit Court	245,894	245,894	242,289	(3,605)
Total shared expenses	\$ 2,026,260	\$ 2,026,260	\$ 2,066,470	\$ 40,210

Schedule of Revenues - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2023 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (Continued)</b>				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Other categorical aid:				
Welfare administration and public assistance	\$ 688,355	\$ 592,079	\$ 592,079	\$ -
Four for life	-	23,317	23,317	-
Victim-witness grant	-	-	15,702	15,702
Fire programs	54,000	57,116	57,116	-
Children's Services Act	1,578,791	1,578,791	1,441,518	(137,273)
Emergency services	-	1,400	18,905	17,505
VJCCA grants	142,000	142,000	141,997	(3)
Library grant	-	-	52,515	52,515
Wireless grant	76,000	76,000	81,068	5,068
Historic resources grant	-	1,000,000	1,000,000	-
Other categorical aid	7,900	131,009	127,632	(3,377)
Total other categorical aid	\$ 2,547,046	\$ 3,601,712	\$ 3,551,849	\$ (49,863)
Total categorical aid	\$ 4,573,306	\$ 5,627,972	\$ 5,618,319	\$ (9,653)
Total revenue from the Commonwealth	\$ 6,157,172	\$ 7,211,838	\$ 7,369,513	\$ 157,675
Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	\$ 1,500	\$ 1,500	\$ 1,732	\$ 232
American rescue funds	-	-	1,328,732	1,328,732
Total noncategorical aid	\$ 1,500	\$ 1,500	\$ 1,330,464	\$ 1,328,964
Categorical aid:				
Welfare administration and public assistance	\$ 1,150,330	\$ 1,184,553	\$ 1,161,412	\$ (23,141)
School resource officer grant	-	30,311	30,311	-
Bullet proof vests	-	-	2,594	2,594
EMP Grant	-	7,500	7,500	-
Justice assistance act grant program	-	3,231	8,105	4,874
Byrne justice grant	99,610	99,610	47,107	(52,503)
U.S. fish and wildlife	1,500	1,500	1,616	116
DMV grants	-	64,024	57,401	(6,623)
COVID-19 emergency supplemental funding program	-	-	28,908	28,908
COVID-19 Vaccination Support	-	11,713	11,713	-
Cops grant	117,951	117,951	184,786	66,835
Community development block grant	-	-	680,000	680,000
Interest subsidy	104,873	104,873	99,276	(5,597)
Local assistance and tribal consistency fund	-	50,000	50,000	-
ARPA tourism grant	-	35,000	-	(35,000)
HRSA rural public health workforce training network	125,196	161,017	134,632	(26,385)
Sheriff Grant	-	-	10,532	10,532
Total categorical aid	\$ 1,599,460	\$ 1,871,283	\$ 2,515,893	\$ 644,610
Total revenue from the federal government	\$ 1,600,960	\$ 1,872,783	\$ 3,846,357	\$ 1,973,574
Total General Fund	\$ 38,663,724	\$ 40,692,486	\$ 43,986,401	\$ 3,293,915



Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2023 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Capital Projects Fund:</b>				
<b>General Capital Projects Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 1,800	\$ 1,800	\$ 2,538	\$ 738
Total revenue from use of money and property	\$ 1,800	\$ 1,800	\$ 2,538	\$ 738
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ -	\$ -	\$ -
Total miscellaneous revenue	\$ -	\$ -	\$ -	\$ -
Total revenue from local sources	\$ 1,800	\$ 1,800	\$ 2,538	\$ 738
Intergovernmental:				
Revenues from local governments:				
Contribution from school board	\$ -	\$ 112,856	\$ 112,856	\$ -
Total General Capital Projects Fund	\$ 1,800	\$ 114,656	\$ 115,394	\$ 738
<b>Special Revenue Fund:</b>				
<b>Placid Bay Sanitary District Fund:</b>				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 70,965	\$ 70,965	\$ 65,185	\$ (5,780)
Penalties	3,300	3,300	4,211	911
Interest	2,600	2,600	4,113	1,513
Total general property taxes	\$ 76,865	\$ 76,865	\$ 73,509	\$ (3,356)
Revenue from use of money and property:				
Revenue from the use of money	\$ 100	\$ 100	\$ 650	\$ 550
Charges for services:				
Road maintenance user fees	\$ 211,275	\$ 211,275	\$ 215,374	\$ 4,099
Total Placid Bay Sanitary District Fund	\$ 288,240	\$ 288,240	\$ 289,533	\$ 1,293
<b>Special Revenue Fund:</b>				
<b>Glebe Harbor-Cabin Point Sanitary District Fund:</b>				
Revenue from local sources:				
Charges for services:				
Recreational fees	\$ 286,948	\$ 286,948	\$ 294,695	\$ 7,747
Total Glebe Harbor-Cabin Point Sanitary District Fund	\$ 286,948	\$ 286,948	\$ 294,695	\$ 7,747
Total Primary Government	\$ 39,240,712	\$ 41,382,330	\$ 44,686,023	\$ 3,303,693

Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2023 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Discretely Presented Component Unit - School Board:</b>				
<b>School Operating Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 1,500	\$ 1,500	\$ 381	\$ (1,119)
Revenue from the use of property	29,000	37,921	42,051	4,130
Total revenue from use of money and property	\$ 30,500	\$ 39,421	\$ 42,432	\$ 3,011
Miscellaneous:				
Expenditure refunds	\$ 106,900	\$ 132,911	\$ 167,696	\$ 34,785
Other miscellaneous	-	51,859	102,414	50,555
Total miscellaneous	\$ 106,900	\$ 184,770	\$ 270,110	\$ 85,340
Total revenue from local sources	\$ 137,400	\$ 224,191	\$ 312,542	\$ 88,351
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Westmoreland, Virginia	\$ 9,748,495	\$ 9,921,365	\$ 9,921,365	\$ -
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 2,166,963	\$ 2,338,120	\$ 2,522,964	\$ 184,844
Basic school aid	5,760,051	5,768,550	5,761,560	(6,990)
Remedial education	329,183	329,183	352,241	23,058
Gifted and talented	40,853	40,853	42,082	1,229
Special education	660,338	660,338	680,194	19,856
Vocational SOQ payments	155,985	155,985	160,676	4,691
Social security fringe benefits	275,574	275,574	283,860	8,286
Retirement fringe benefits	642,511	642,511	661,831	19,320
Early reading intervention	74,294	74,294	50,832	(23,462)
At risk payments	1,076,332	1,266,210	1,304,281	38,071
Technology	154,000	154,000	196,641	42,641
Standards of Learning algebra readiness	27,881	27,881	25,728	(2,153)
K-3 initiatives	289,165	289,165	245,611	(43,554)
Preschool initiative	310,513	310,513	270,675	(39,838)
Other state funds	1,530,624	1,943,297	1,444,170	(499,127)
Total categorical aid	\$ 13,494,267	\$ 15,573,147	\$ 15,609,121	\$ 35,974
Total revenue from the Commonwealth	\$ 13,494,267	\$ 15,573,147	\$ 15,609,121	\$ 35,974
Revenue from the federal government:				
Noncategorical aid:				
Coronavirus relief fund (CRF)	\$ -	\$ -	\$ 174,608	\$ 174,608
Total noncategorical aid	\$ -	\$ -	\$ 174,608	\$ 174,608
Categorical aid:				
Title I	\$ 675,203	\$ 936,585	\$ 938,791	\$ 2,206
Title VI-B, flow-through	382,190	468,499	436,699	(31,800)
Title VI-B, preschool	19,575	26,729	27,337	608
Title II Part A	104,410	151,249	104,423	(46,826)
Education stabilization funds	-	4,410,186	3,602,556	(807,630)
Other federal funds	262,432	381,410	859,822	478,412
Total categorical aid	\$ 1,443,810	\$ 6,374,658	\$ 5,969,628	\$ (405,030)
Total revenue from the federal government	\$ 1,443,810	\$ 6,374,658	\$ 6,144,236	\$ (230,422)
Total School Operating Fund	\$ 24,823,972	\$ 32,093,361	\$ 31,987,264	\$ (106,097)

Schedule of Revenues - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2023 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Discretely Presented Component Unit - School Board: (Continued)</b>				
<b>Special Revenue Fund:</b>				
<b>School Cafeteria Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 25	\$ 25	\$ 4	\$ (21)
Charges for services:				
Cafeteria sales	\$ -	\$ -	\$ 22,082	\$ 22,082
Miscellaneous:				
Other miscellaneous	\$ 28,500	\$ 28,500	\$ 28,656	156
Total revenue from local sources	\$ 28,525	\$ 28,525	\$ 50,742	\$ 22,217
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 41,297	\$ 41,297	\$ 33,973	\$ (7,324)
Total categorical aid	\$ 41,297	\$ 41,297	\$ 33,973	\$ (7,324)
Total revenue from the Commonwealth	41,297	41,297	33,973	(7,324)
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 1,388,783	\$ 1,388,783	\$ 1,531,253	\$ 142,470
Pandemic EBT administrative costs	-	-	3,135	3,135
Total categorical aid	\$ 1,388,783	\$ 1,388,783	\$ 1,534,388	\$ 145,605
Total revenue from the federal government	\$ 1,388,783	\$ 1,388,783	\$ 1,534,388	\$ 145,605
Total School Cafeteria Fund	\$ 1,458,605	\$ 1,458,605	\$ 1,619,103	\$ 160,498

Schedule of Expenditures - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2023

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund:</b>				
General government administration:				
Legislative:				
Board of supervisors	\$ 122,572	\$ 122,572	\$ 117,801	\$ 4,771
General and financial administration:				
County administrator	\$ 588,728	\$ 595,160	\$ 574,084	\$ 21,076
County attorney	128,625	128,625	116,406	12,219
Independent auditor	69,935	79,935	79,435	500
Commissioner of revenue	410,498	454,295	409,209	45,086
Treasurer	404,119	409,170	389,616	19,554
Accounting	535,495	548,222	503,030	45,192
Data processing	585,020	706,363	681,987	24,376
Risk management	470,051	493,847	486,854	6,993
Dues for local government	5,345	5,345	5,343	2
Total general and financial administration	\$ 3,197,816	\$ 3,420,962	\$ 3,245,964	\$ 174,998
Board of elections:				
Electoral board and officials	\$ 101,956	\$ 141,406	\$ 93,856	\$ 47,550
Registrar	147,619	147,624	130,074	17,550
Total board of elections	\$ 249,575	\$ 289,030	\$ 223,930	\$ 65,100
Total general government administration	\$ 3,569,963	\$ 3,832,564	\$ 3,587,695	\$ 244,869
Judicial administration:				
Courts:				
Circuit court	\$ 27,473	\$ 29,504	\$ 27,722	\$ 1,782
General district court	1,882	4,458	4,087	371
Juvenile and domestic relations district court	1,710	1,710	974	736
Clerk of the circuit court	477,795	619,360	471,872	147,488
Victim-witness	113,472	113,472	87,828	25,644
Other	10,200	10,200	5,026	5,174
Total courts	\$ 632,532	\$ 778,704	\$ 597,509	\$ 181,195
Commonwealth's attorney:				
Commonwealth's attorney	\$ 608,236	\$ 622,772	\$ 615,644	\$ 7,128
Total commonwealth's attorney	\$ 608,236	\$ 622,772	\$ 615,644	\$ 7,128
Total judicial administration	\$ 1,240,768	\$ 1,401,476	\$ 1,213,153	\$ 188,323
Public safety:				
Law enforcement and traffic control:				
Sheriff - law enforcement	\$ 3,273,536	\$ 3,261,513	\$ 3,040,874	\$ 220,639
Other law enforcement and traffic control	448,882	787,644	552,816	234,828
Sheriff - 911 system	954,914	1,006,171	952,997	53,174
Total law enforcement and traffic control	\$ 4,677,332	\$ 5,055,328	\$ 4,546,687	\$ 508,641

Schedule of Expenditures - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2023 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (Continued)</b>				
Public Safety: (Continued)				
Fire and rescue services:				
Volunteer fire department	\$ 680,652	\$ 1,277,686	\$ 731,048	\$ 546,638
Ambulance and rescue services	3,950,976	4,309,529	4,205,879	103,650
Forestry	7,810	7,810	7,810	-
Total fire and rescue services	\$ 4,639,438	\$ 5,595,025	\$ 4,944,737	\$ 650,288
Correction and detention:				
Juvenile and domestic relations court service unit	\$ 75,257	\$ 75,257	\$ 74,084	\$ 1,173
Juvenile commission crime control	142,000	142,280	142,277	3
Total correction and detention	\$ 217,257	\$ 217,537	\$ 216,361	\$ 1,176
Inspections:				
Building	\$ 316,531	\$ 394,669	\$ 376,199	\$ 18,470
Other protection:				
Animal control	\$ 361,035	\$ 427,004	\$ 359,612	\$ 67,392
Medical examiner	300	300	300	-
Emergency management	203,653	211,252	133,764	77,488
Emergency services (civil defense)	433,624	517,342	442,231	75,111
Total other protection	\$ 998,612	\$ 1,155,898	\$ 935,907	\$ 219,991
Total public safety	\$ 10,849,170	\$ 12,418,457	\$ 11,019,891	\$ 1,398,566
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Highways, streets, bridges and sidewalks	\$ 13,500	\$ 13,500	\$ 13,080	\$ 420
Sanitation and waste removal:				
Refuse collection	\$ 697,089	\$ 777,541	\$ 777,542	\$ (1)
Refuse disposal	1,512,766	2,148,426	2,147,636	790
Total sanitation and waste removal	\$ 2,209,855	\$ 2,925,967	\$ 2,925,178	\$ 789
Maintenance of general buildings and grounds:				
General properties	\$ 1,354,939	\$ 1,463,509	\$ 1,401,862	\$ 61,647
Total public works	\$ 3,578,294	\$ 4,402,976	\$ 4,340,120	\$ 62,856
Health and welfare:				
Health:				
Local health department	\$ 249,084	\$ 249,084	\$ 249,084	\$ -
Mental health and mental retardation:				
Contribution to Chapter X Board	\$ 72,245	\$ 72,245	\$ 72,245	\$ -
Welfare:				
Welfare administration	\$ 2,320,762	\$ 2,254,384	\$ 2,009,166	\$ 245,218
Public assistance	102,372	119,356	86,202	33,154
Comprehensive Services Act	2,379,505	2,244,486	2,205,499	38,987
Total welfare	\$ 4,802,639	\$ 4,618,226	\$ 4,300,867	\$ 317,359
Total health and welfare	\$ 5,123,968	\$ 4,939,555	\$ 4,622,196	\$ 317,359

Schedule of Expenditures - Budget and Actual  
Governmental Funds

For the Year Ended June 30, 2023 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (Continued)</b>				
Education:				
Other instructional costs:				
Contribution to local school board	\$ 9,748,495	\$ 9,921,365	\$ 9,921,365	\$ -
Contributions to community college	11,142	11,142	11,142	-
Total education	<u>\$ 9,759,637</u>	<u>\$ 9,932,507</u>	<u>\$ 9,932,507</u>	<u>\$ -</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Public landings	\$ 508	\$ 1,008	\$ 10	\$ 998
Recreational complex	10,765	22,287	15,976	6,311
Total parks and recreation	<u>\$ 11,273</u>	<u>\$ 23,295</u>	<u>\$ 15,986</u>	<u>\$ 7,309</u>
Cultural enrichment:				
Westmoreland museum	\$ 40,000	\$ 40,000	\$ 40,000	\$ -
Other cultural enrichment	-	6,610	-	6,610
Total cultural enrichment	<u>40,000</u>	<u>46,610</u>	<u>40,000</u>	<u>6,610</u>
Library:				
Contribution to regional library	\$ 522,327	\$ 526,348	\$ 525,873	\$ 475
Total parks, recreation, and cultural	<u>\$ 573,600</u>	<u>\$ 596,253</u>	<u>\$ 581,859</u>	<u>\$ 14,394</u>
Community development:				
Planning and community development:				
Planning	\$ 379,745	\$ 381,505	\$ 352,553	\$ 28,952
Community development	63,666	63,666	63,666	-
Northern Neck Planning Commission	17,000	17,000	17,000	-
Planning District Commission	8,250	8,250	7,335	915
Zoning board	2,900	2,900	1,159	1,741
Wetlands board	6,300	6,300	3,629	2,671
Housing assistance	-	2,432	-	2,432
Tourism	7,000	52,046	6,805	45,241
Industrial Development Authority	5,500	5,500	-	5,500
Total planning and community development	<u>\$ 490,361</u>	<u>\$ 539,599</u>	<u>\$ 452,147</u>	<u>\$ 87,452</u>
Environmental management:				
Contribution to soil and water conservation district	\$ 16,000	\$ 16,000	\$ 16,000	\$ -
Total environmental management	<u>\$ 16,000</u>	<u>\$ 16,000</u>	<u>\$ 16,000</u>	<u>\$ -</u>
Cooperative extension program:				
Cooperative extension program	\$ 53,735	\$ 53,735	\$ 50,407	\$ 3,328
Total cooperative extension program	<u>\$ 53,735</u>	<u>\$ 53,735</u>	<u>\$ 50,407</u>	<u>\$ 3,328</u>
Total community development	<u>\$ 560,096</u>	<u>\$ 609,334</u>	<u>\$ 518,554</u>	<u>\$ 90,780</u>
Nondepartmental:				
Other nondepartmental	\$ 207,166	\$ 207,166	\$ 207,166	\$ -
Total nondepartmental	<u>207,166</u>	<u>207,166</u>	<u>207,166</u>	<u>-</u>

Schedule of Expenditures - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2023 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (Continued)</b>				
Capital projects:				
Ambulance purchase	\$ 330,000	\$ 800,821	\$ -	\$ 800,821
Recreational complex phase II	-	15,236	14,526	710
Recreational park maintenance building	-	15,500	15,500	-
Concession stand	-	57,491	57,491	-
Recreational park lighting	-	-	-	-
Belt filter test	-	219,500	219,500	-
HVAC	-	150,532	150,532	-
Stratford hall memorial association pass thru	-	1,000,000	1,000,000	-
Broadband expansion	-	325,000	-	325,000
Cole point wwtp drip system	-	1,677,417	690,131	987,286
Well replacement	-	1,144,969	896,817	248,152
Other capital projects	499,619	1,793,341	1,109,375	683,966
Total capital projects	\$ 829,619	\$ 7,199,807	\$ 4,153,872	\$ 3,045,935
Debt service:				
Principal retirement	\$ 1,024,651	\$ 1,024,651	\$ 1,024,651	\$ -
Interest and other fiscal charges	1,699,662	3,270,571	1,364,767	1,905,804
Total debt service	\$ 2,724,313	\$ 4,295,222	\$ 2,389,418	\$ 1,905,804
Total General Fund	\$ 39,016,594	\$ 49,835,317	\$ 42,566,431	\$ 7,268,886
<b>Capital Projects Fund:</b>				
<b>General Capital Projects Fund:</b>				
Capital projects expenditures:				
New High School	\$ -	\$ 1,558,195	\$ 1,514,456	\$ 43,739
Other capital projects	381,800	624,308	239,456	384,852
Total capital projects	\$ 381,800	\$ 2,182,503	\$ 1,753,912	\$ 428,591
Total General Capital Projects Fund	\$ 381,800	\$ 2,182,503	\$ 1,753,912	\$ 428,591
<b>Special Revenue Fund:</b>				
<b>Placid Bay Sanitation District Fund:</b>				
Roads projects	\$ 607,517	\$ 1,619,645	\$ 110,403	\$ 1,509,242
Debt service:				
Principal retirement	\$ 20,000	\$ 20,000	\$ 20,000	\$ -
Interest and other fiscal charges	28,182	28,182	28,181	1
Total debt service	\$ 48,182	\$ 48,182	\$ 48,181	\$ 1
Total Placid Bay Sanitation District Fund	\$ 655,699	\$ 1,667,827	\$ 158,584	\$ 1,509,243
<b>Glebe Harbor-Cabin Point Sanitary District Fund:</b>				
Community development:				
Glebe Harbor-Cabin Point sanitary district	\$ 164,968	\$ 241,122	\$ 146,832	\$ 94,290
Capital projects:				
Dredging and beach projects	\$ -	\$ 1,260,000	\$ 1,260,000	\$ -
Other	19,700	27,600	8,742	18,858
Total capital projects	\$ 19,700	\$ 1,287,600	\$ 1,268,742	\$ 18,858
Debt service:				
Principal retirement	\$ 65,385	\$ 65,385	\$ 65,385	\$ -
Interest and other fiscal charges	36,895	36,895	7,256	29,639
Total debt service	\$ 102,280	\$ 102,280	\$ 72,641	\$ 29,639
Total Glebe Harbor-Cabin Point Sanitary District Fund	\$ 286,948	\$ 1,631,002	\$ 1,488,215	\$ 142,787
Total Primary Government	\$ 40,341,041	\$ 55,316,649	\$ 45,967,142	\$ 9,349,507

Schedule of Expenditures - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2023 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Discretely Presented Component Unit - School Board</b>				
<b>School Operating Fund:</b>				
Education:				
Instruction costs:				
Classroom instruction	\$ 15,196,121	\$ 17,707,508	\$ 16,132,686	\$ 1,574,822
Guidance services	821,071	691,465	628,457	63,008
Social worker services	73,282	74,507	74,400	107
Homebound instruction	16,148	16,148	8,511	7,637
Improvement of instruction	163,000	360,105	299,346	60,759
Media services	420,575	424,777	404,327	20,450
Office of the principal	1,463,231	1,465,745	1,406,193	59,552
Total instruction costs	\$ 18,153,428	\$ 20,740,255	\$ 18,953,920	\$ 1,786,335
Administration, attendance, and health:				
Board services	\$ 68,140	\$ 68,140	\$ 55,163	\$ 12,977
Executive administration	854,233	883,680	821,307	62,373
Fiscal services	276,453	311,468	311,467	1
Health services	352,329	539,519	390,040	149,479
Psychologist services	126,072	127,068	123,640	3,428
Total administration, attendance, and health	\$ 1,677,227	\$ 1,929,875	\$ 1,701,617	\$ 228,258
Operating costs:				
Pupil transportation	\$ 2,221,232	\$ 2,368,121	\$ 2,305,618	\$ 62,503
Operation and maintenance of school plant	1,835,159	2,444,146	2,443,351	795
Operation and maintenance - vehicle services	13,000	70,805	70,805	-
Facilities	-	1,186,532	554,357	632,175
Technology	847,752	834,438	826,460	7,978
Total operating costs	\$ 4,917,143	\$ 6,904,042	\$ 6,200,591	\$ 703,451
Total education	\$ 24,747,798	\$ 29,574,172	\$ 26,856,128	\$ 2,718,044
Contribution to primary government	\$ -	\$ 112,856	\$ 112,856	\$ -
Capital projects:				
School capital projects	\$ -	\$ 3,059,060	\$ 2,102,304	\$ 956,756
Debt service:				
Principal retirement	\$ 66,155	\$ 66,155	\$ 66,155	\$ -
Interest and other fiscal charges	1,153	1,153	1,153	-
Total debt service	\$ 67,308	\$ 67,308	\$ 67,308	\$ -
Total School Operating Fund	\$ 24,815,106	\$ 32,813,396	\$ 29,138,596	\$ 3,674,800
<b>Special Revenue Fund:</b>				
<b>School Cafeteria Fund:</b>				
Education:				
School food services:				
Food services	\$ 1,558,605	\$ 1,758,605	\$ 1,529,422	\$ 229,183



## Statistical Information

COUNTY OF WESTMORELAND, VIRGINIA

Table 1

Government-Wide Expenses by Function  
Last Ten Fiscal Years

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Parks, Recreation, and Cultural	Community Development	Interest on Long-Term Debt	Water and Sewer	Total
2014	\$ 2,091,306	\$ 853,373	\$ 4,295,459	\$ 2,734,476	\$ 4,114,348	\$ 8,089,593	\$ 669,700	\$ 751,081	\$ 367,852	\$ 2,191,811	\$ 26,158,999
2015	2,579,220	870,734	4,564,172	1,986,869	3,767,706	7,785,510	670,301	627,158	422,919	2,123,793	25,398,382
2016	2,775,459	1,122,068	4,575,347	2,727,720	3,526,367	7,801,727	685,361	666,753	455,844	2,158,315	26,494,961
2017	2,372,887	1,198,255	5,936,637	2,933,598	3,920,143	8,573,701	713,998	795,107	439,842	1,956,058	28,840,226
2018	2,837,806	1,193,501	5,501,750	2,849,927	3,795,038	8,603,139	721,856	686,047	480,837	2,212,642	28,882,543
2019	2,985,304	1,236,444	5,831,993	3,351,899	4,594,264	8,904,747	719,343	783,581	526,687	2,441,678	31,375,940
2020	3,319,050	1,388,093	6,067,544	3,130,794	4,461,638	9,429,674	737,893	656,402	1,538,633	2,658,138	33,387,859
2021	3,905,289	1,214,270	8,732,375	3,640,166	4,773,312	9,870,585	818,833	789,684	1,296,415	3,485,174	38,526,103
2022	3,768,018	1,152,759	8,784,652	4,289,160	4,331,398	8,991,636	866,940	892,473	1,499,550	3,539,999	38,116,585
2023	2,346,943	1,178,590	9,534,975	4,680,413	4,583,063	10,076,595	1,009,071	2,702,286	1,407,834	3,727,096	41,246,866

## Government-Wide Revenues

Last Ten Fiscal Years

Fiscal Year	PROGRAM REVENUES			GENERAL REVENUES						
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs	Gain (loss) on Disposal of Capital Assets	Total
2014	1,985,759	4,714,513	134,387	15,063,143	1,763,138	303,552	112,612	1,917,397	-	25,994,501
2015	2,555,417	4,673,753	897,712	16,117,911	1,803,473	325,181	117,511	1,894,172	-	28,385,130
2016	2,230,519	4,483,909	-	16,551,690	1,834,980	316,823	160,320	1,954,848	-	27,533,089
2017	2,969,039	5,101,508	315,911	18,189,040	2,142,928	268,154	120,648	1,891,268	-	30,998,496
2018	2,997,050	5,025,480	222,789	19,228,193	2,207,897	364,212	118,985	1,868,995	3,610	32,037,211
2019	3,189,213	5,551,423	265,883	19,467,644	2,268,067	560,543	148,574	1,850,396	-	33,301,743
2020	3,325,497	5,521,933	590,227	20,496,866	2,439,803	764,836	310,672	2,343,426	-	35,793,260
2021	4,339,929	8,663,155	1,157,078	24,021,951	2,880,254	260,910	228,942	1,817,348	-	43,369,567
2022	4,751,961	6,042,567	674,343	25,077,671	3,162,691	(7,738)	597,061	1,771,038	90,000	42,159,594
2023	5,030,058	7,081,618	2,381,326	25,710,979	3,542,375	506,900	669,522	1,752,926	-	46,675,704

General Government Revenues by Source (1)  
Last Ten Fiscal Years

Fiscal Year	General Property Taxes	Other Local Taxes	Permit Privilege Fees & Regulatory Licenses	Fines & Forfeitures	Use of Money & Property	Charges for Services	Miscellaneous	Recovered Costs	Intergovernmental (2)	Total
2014	\$ 15,187,452	\$ 1,763,138	\$ 207,342	\$ 160,108	\$ 309,297	\$ 371,017	\$ 276,203	\$ 983,803	\$ 16,969,527	\$ 36,227,887
2015	16,244,065	1,803,473	203,244	166,637	309,425	368,049	382,562	1,038,376	18,461,019	38,976,850
2016	16,416,266	1,834,980	220,715	141,797	309,203	373,322	466,087	920,276	18,495,838	39,178,484
2017	18,025,610	2,142,928	257,469	175,653	306,001	729,809	354,721	994,473	21,928,438	44,915,102
2018	18,996,339	2,207,897	398,162	178,583	375,466	719,653	359,742	1,170,574	21,787,957	46,194,373
2019	19,754,183	2,268,067	275,080	222,405	515,129	743,201	364,593	1,466,432	22,041,206	47,650,296
2020	20,159,983	2,439,803	520,326	199,475	731,957	540,391	318,545	1,352,595	23,282,077	49,545,152
2021	24,168,054	2,880,254	503,100	254,712	294,757	549,025	1,007,278	1,408,956	27,194,018	58,260,154
2022	24,680,457	3,162,691	584,053	308,569	55,465	548,368	903,621	1,627,023	27,077,615	58,947,862
2023	25,757,492	3,542,375	508,914	273,899	549,336	628,011	1,003,284	1,698,424	34,650,444	68,612,179

(1) Includes General, Special Revenue, and Debt Service Funds of the Primary Government and Component Unit School Board.

(2) Excludes contributions from the primary government to the Component Unit School Board.

COUNTY OF WESTMORELAND, VIRGINIA

Table 4

General Government Expenditures by Function (1)  
Last Ten Fiscal Years

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education (2)	Recreation and Cultural	Community Development	Non-Departmental	Debt Service	Total
2014	\$ 2,140,152	\$ 872,665	\$ 5,065,920	\$ 2,545,023	\$ 3,983,488	\$ 17,969,979	\$ 432,431	\$ 607,410	\$ 176,650	\$ 1,232,258	\$ 35,025,976
2015	2,504,023	847,974	5,292,467	2,815,618	3,686,314	18,975,603	447,269	580,603	176,701	1,336,521	36,663,093
2016	2,759,675	859,048	5,195,903	2,665,091	3,492,592	19,086,043	457,279	654,640	175,655	1,509,079	36,855,005
2017	2,679,950	954,407	6,315,427	2,868,395	4,079,536	22,076,010	464,842	794,888	178,157	1,562,925	41,974,537
2018	2,799,588	982,881	6,804,541	2,757,952	3,861,324	24,017,356	502,293	708,105	178,157	1,548,981	44,161,178
2019	2,899,096	1,044,214	7,297,160	3,198,150	4,596,180	22,809,599	487,135	921,772	178,157	2,028,506	45,459,969
2020	3,051,098	1,102,536	7,598,510	2,927,448	4,421,566	23,880,177	507,098	666,669	176,778	2,612,573	46,944,453
2021	3,443,125	1,138,038	9,067,558	3,628,016	4,504,909	26,662,948	514,889	617,607	272,510	2,415,423	52,265,023
2022	3,526,852	1,189,003	10,227,285	4,046,803	4,504,561	26,825,601	555,251	615,844	210,702	2,877,639	54,579,541
2023	3,587,695	1,213,153	11,019,891	4,340,120	4,622,196	26,593,489	581,859	665,386	207,166	2,577,548	55,408,503

(1) Includes current expenditures of the General, Special Revenue and Debt Service Funds of the Primary Government, debt service expenditures of the Capital Projects Funds, and Component Unit School Board.

(2) Excludes contribution from Primary Government to Discretely Presented Component Unit.

Property Tax Levies and Collections  
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy	(2) Current Tax Collections	Percent of Levy Collected	(1) Delinquent Tax Collections	(2) Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1)	Percent of Delinquent Taxes to Tax Levy
2014	\$ 15,965,252	\$ 15,428,411	96.64%	\$ 413,899	\$ 15,842,310	99.23%	\$ 739,529	4.63%
2015	17,239,611	16,601,711	96.30%	392,522	16,994,233	98.58%	765,447	4.44%
2016	17,407,375	16,818,365	96.62%	354,757	17,173,122	98.65%	728,990	4.19%
2017	19,153,748	18,417,796	96.16%	340,581	18,758,377	97.94%	917,892	4.79%
2018	20,362,579	19,460,975	95.57%	332,565	19,793,540	97.21%	1,144,971	5.62%
2019	21,227,499	19,850,535	93.51%	561,974	20,412,509	96.16%	1,020,801	4.81%
2020	21,876,414	20,555,472	93.96%	372,981	20,928,453	95.67%	1,069,834	4.89%
2021	25,569,094	24,927,857	97.49%	476,774	25,404,631	99.36%	1,049,361	4.10%
2022	26,866,736	25,881,053	96.33%	462,175	26,343,228	98.05%	1,462,291	5.44%
2023	28,263,442	26,992,760	95.50%	565,302	27,558,062	97.50%	1,679,294	5.94%

(1) Exclusive of penalties and interest.

(2) Includes Personal Property Relief Act reimbursements to the County of:  
\$1,139,679 in fiscal years 2014 through 2023.

COUNTY OF WESTMORELAND, VIRGINIA

Table 6

Assessed Value of Taxable Property  
Last Ten Fiscal Years

Fiscal Year	Real Estate	(1) Personal Property	Machinery & Tools	Farm Machinery	Merchants Capital	Public Utility	Total
2014	\$ 2,512,574,400	\$ 156,868,010	\$ 5,188,100	\$ 7,828,440	\$ 10,857,430	\$ 57,448,500	\$ 2,750,764,880
2015	2,530,561,850	158,944,510	4,900,250	8,087,890	10,559,880	58,762,670	2,771,817,050
2016	2,548,831,080	161,740,470	4,745,020	8,090,260	11,504,310	59,991,280	2,794,902,420
2017	2,456,076,950	167,682,450	5,053,880	8,517,510	10,540,750	62,498,530	2,710,370,070
2018	2,471,944,680	172,731,330	6,529,580	8,096,780	12,152,360	63,953,780	2,735,408,510
2019	2,493,031,410	171,289,290	6,049,830	7,875,090	9,823,820	65,943,400	2,754,012,840
2020	2,511,939,160	182,413,190	5,879,860	8,179,440	12,182,200	71,939,940	2,792,533,790
2021	2,536,324,360	183,967,370	5,752,920	8,405,400	11,481,810	76,435,141	2,822,367,001
2022	2,562,893,750	202,470,420	7,872,680	7,339,850	8,613,460	70,113,540	2,859,303,700
2023	3,060,045,960	253,526,150	6,320,280	7,514,860	10,585,040	76,041,400	3,414,033,690

(1) Includes mobile homes.

Property Tax Rates (1)  
Last Ten Fiscal Years

Fiscal Years	Real Estate (2)	Personal Property (2)	Machinery and Tools	Farm Machinery	Merchants' Capital
2014	\$ 0.48	\$ 3.00	\$ 1.50	\$ 1.25	\$ 0.46
2015	0.52	3.00	1.50	1.25	0.46
2016	0.52	3.00	1.50	1.25	0.46
2017	0.60	3.00	1.50	1.25	0.46
2018	0.61	3.25	1.50	1.25	0.46
2019	0.63	3.25	1.50	1.25	0.46
2020	0.65	3.25	1.50	1.25	0.46
2021	0.76	3.75	2.00	1.54	0.96
2022	0.76	3.75	2.00	1.75	0.96
2023	0.62	3.75	2.00	1.75	0.96

(1) Per \$100 of assessed value.

(2) Also applies to public utility property.



Ratio of Net General Bonded Debt to  
Assessed Value and Net Bonded Debt Per Capita  
Last Ten Fiscal Years

Fiscal Year	Population (1)	Assessed Value (2)	Gross Bonded Debt (3)	Less		Net Bonded Debt	Ratio of Net General Obligation Debt to Assessed Value	Net Bonded Debt per Capita
				Debt Service Monies Available	Debt Payable from Enterprise Revenues (4)			
2014	17,885	\$ 2,750,764,880	\$ 21,352,078	\$ 172,109	\$ 9,968,133	\$ 11,211,836	0.41%	\$ 627
2015	17,725	2,771,817,050	21,647,747	113,999	9,808,373	11,725,375	0.42%	662
2016	17,477	2,794,902,420	20,954,085	117,754	9,769,336	11,066,995	0.40%	633
2017	17,629	2,710,370,070	23,350,085	121,338	12,903,434	10,325,313	0.38%	586
2018	17,760	2,735,408,510	23,723,799	111,227	13,567,637	10,044,935	0.37%	566
2019	17,911	2,754,012,840	22,724,422	-	13,300,456	9,423,966	0.34%	526
2020	17,895	2,792,533,790	69,046,815	-	13,024,684	56,022,131	2.01%	3,131
2021	18,477	2,822,367,001	68,444,515	-	12,740,016	55,704,499	1.97%	3,015
2022	18,731	2,859,303,700	64,102,749	-	12,052,570	52,050,179	1.82%	2,779
2023	19,013	3,414,033,690	67,497,735	-	11,713,518	55,784,217	1.63%	2,934

(1) Weldon Cooper Center for Public Service

(2) From Table 6.

(3) Includes all long-term general obligation bonded debt, Literary Fund Loans and IDA Lease Revenue Bonds.  
Does not include VRS retirement incentive obligation loan, leases, and compensated absences.

(4) Includes General Obligation Debt payable from enterprise revenues.

Ratio of Annual Debt Service Expenditures for General Bonded  
Debt to Total General Governmental Expenditures (1)  
Last Ten Fiscal Years

Fiscal Year	Principal	Interest	Total Debt Service	Total General Governmental Expenditures (2)	Ratio of Debt Service to General Governmental Expenditures
2014	\$ 866,844	\$ 365,414	\$ 1,232,258	\$ 35,025,976	3.52%
2015	808,197	528,324	1,336,521	36,663,093	3.65%
2016	981,272	527,807	1,509,079	36,855,005	4.09%
2017	1,074,887	488,038	1,562,925	41,974,537	3.72%
2018	1,094,505	454,476	1,548,981	44,161,178	3.51%
2019	1,463,604	564,902	2,028,506	45,459,969	4.46%
2020	1,273,719	1,448,083	2,721,802	46,944,453	5.80%
2021	1,229,169	1,880,502	3,109,671	52,265,023	5.95%
2022	1,572,392	1,278,745	2,851,137	54,579,541	5.22%
2023	1,110,036	1,400,204	2,510,240	55,408,503	4.53%

(1) Includes General, Capital Projects and Debt Service Funds of the Primary Government and Component Unit School Board.

(2) From Table 4.

Local Sales Tax Revenues  
Last Ten Fiscal Years

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Fiscal Year	Local Sales Tax Revenue	Percent Change
2014	\$ 935,891	8.46%
2015	975,041	4.18%
2016	982,106	0.72%
2017	1,023,032	4.17%
2018	1,077,728	5.35%
2019	830,126	-22.97%
2020	1,003,512	20.89%
2021	1,209,685	20.55%
2022	1,274,178	5.33%
2023	1,456,037	14.27%

Ten Largest Taxpayers  
As of June 30, 2023

Taxpayer Name	Type of Business	Total Tax
Potomac Supply, LLC	Wood Products	\$ 9,266,900
Montross Realty Management LLC	Real Estate	6,238,400
Second Development, LLC	Manufacturing	4,360,300
Beachgate Shopping Center LLC	Real Estate	3,799,400
Gull Harbor, LLC	Real Estate	3,672,820
Riverwood Preservation LP	Real Estate	3,398,700
Bevans Oyster (Beavans Properties LLC)	Retail	3,118,600
Food Lion, LLC	Retail	3,097,400
Tuxie LLC	Real Estate	2,701,300
Northern Neck Farmers Market LLC	Retail	2,669,000
OTS Montross LLC	Real Estate	1,563,900

## **Compliance**

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

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**To the Honorable Members of the Board of Supervisors  
County of Westmoreland, Virginia**

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of County of Westmoreland, Virginia as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise County of Westmoreland, Virginia, Virginia's basic financial statements and have issued our report thereon dated July 31, 2024.

**Report on Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item (2023-001) that we consider to be a material weakness.

## Report on Compliance and Other Matters

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

## County of Westmoreland, Virginia's Response to Findings

*Government Auditing Standards* requires the auditor to perform limited procedures on County of Westmoreland, Virginia's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. County of Westmoreland, Virginia's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## Purpose of This Report

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

*Robinson, Farmer, Cox Associates*

Fredericksburg, Virginia  
July 31, 2024



**Independent Auditors' Report on Compliance For Each Major Program and on  
Internal Control Over Compliance Required by the Uniform Guidance**

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**To the Honorable Members of the Board of Supervisors  
County of Westmoreland, Virginia**

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited the County of Westmoreland, Virginia's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County of Westmoreland, Virginia's major federal programs for the year ended June 30, 2023. County of Westmoreland, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the County of Westmoreland, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of County of Westmoreland, Virginia and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of County of Westmoreland, Virginia's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to County of Westmoreland, Virginia's federal programs.



## ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on County of Westmoreland, Virginia's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about County of Westmoreland, Virginia's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 County of Westmoreland, Virginia's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of County of Westmoreland, Virginia's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of County of Westmoreland, Virginia's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

*Robinson, Farmer, Cox Associates*

Fredericksburg, Virginia  
July 31, 2024

COUNTY OF WESTMORELAND, VIRGINIA

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2023

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures	Payments to Subrecipients
Department of Health and Human Services:				
Pass Through Payments:				
Department of Education:				
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	NU90TP922153	\$ 79,130	\$ -
Department of Social Services:				
Temporary Assistance for Needy Families (TANF)	93.558	400122/400123	\$ 200,877	\$ -
CCDF Cluster:				
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760122/0760123	\$ 46,727	\$ -
Total CCDF Cluster			\$ 46,727	\$ -
Medicaid Cluster:				
Medical Assistance Program	93.778	1200122/1200123	\$ 178,991	\$ -
Total Medicaid Cluster			\$ 178,991	\$ -
Title IV-E Prevention Program	93.472	1140122/1140123	3,029	-
Guardianship Assistance	93.090	1110122/1110123	75	-
Mary Lee Allen Promoting Safe and Stable Families Program	93.556	0950121/0950122	9,228	-
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	0500122/0500123	837	-
Low-Income Home Energy Assistance	93.568	0600422/0600423	41,141	-
COVID-19 - Chafee Education and Training Vouchers Program (ETV)	93.599	9162121/9162122	1,817	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900121/0900122	376	-
Foster Care Title IV-E	93.658	1100122/1110123	123,799	-
Adoption Assistance	93.659	1120122/1120123	30,957	-
Social Services Block Grant	93.667	1000122/1000123	157,403	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150121/9150122/9152121	15,799	-
COVID-19 - Elder Abuse Prevention Interventions Program	93.747	8000221	618	-
Children's Health Insurance Program	93.767	0540122/0540123	1,546	-
Bay Rivers Telehealth Alliance:				
Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care Provider Quality Improvement	93.912	HRSA-22-117	\$ 134,632	\$ -
Total Department of Health and Human Services			\$ 1,026,982	\$ -
Department of Agriculture:				
Pass Through Payments:				
Department of Agriculture:				
COVID-19 - Pandemic EBT Administrative Costs	10.649	202222S900941	\$ 3,135	\$ -
Child and Adult Care Food Program	10.558	202323N11994 1/202323N20204 1	47,031	-
Child Nutrition Cluster:				
National School Lunch Program	10.555	202222N11994 1/202221N11994 1/202323N11994 1	\$ 937,031	\$ -
Food Distribution - National School Lunch Program	10.555	202221N11994 1/202222N89034 1/202222N11994 1/202322N89034 1	64,437	-
Total 10.555			\$ 1,001,468	\$ -
School Breakfast Program	10.553	202222N11994 1/202323N11994 1	\$ 482,753	\$ -
Total 10.553			\$ 482,753	\$ -
Total Child Nutrition Cluster			\$ 1,484,221	\$ -
Department of Social Services:				
SNAP Cluster:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	010122/010123/040122/040123	\$ 348,192	\$ -
Total SNAP Cluster			\$ 348,192	\$ -
Total Department of Agriculture			\$ 1,882,579	\$ -
Department of the Treasury:				
Pass through payments::				
Virginia Department of Accounts				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	12110	\$ 1,328,732	\$ -
Department of Education:				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	SLFRP1026	174,608	-
Total 21.027			\$ 1,503,340	\$ -
Direct payments:				
COVID-19 Local Assistance and Tribal Consistency Fund	21.032	N/A	\$ 50,000	\$ -
Total Department of the Treasury			\$ 1,553,340	\$ -

COUNTY OF WESTMORELAND, VIRGINIA

Schedule of Expenditures of Federal Awards (Continued)  
For the Year Ended June 30, 2023

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures	Payments to Subrecipients
Department of Homeland Security:				
Pass Through Payments:				
Department of Emergency Management:				
COVID-19 Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	118558	11,713	-
Emergency Management Performance Grants	97.042	120355	7,500	-
Total Department of Homeland Security			19,213	-
Department of the Interior:				
Direct payments:				
Bureau of Land Management:				
National Wildlife Refuge Fund	15.659	N/A	1,616	-
Total Department of the Interior			1,616	-
Department of Justice:				
Direct payments:				
Public Safety Partnership and Community Policing Grants	16.710	N/A	215,097	-
Pass Through Payments:				
Virginia Department of Criminal Justice:				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	120127	10,699	-
COVID-19 Coronavirus Emergency Supplemental Funding Program	16.034	118072	28,908	-
Crime Victim Assistance	16.575	118457	47,107	-
Total Department of Justice			301,811	-
Department of Housing and Urban Development:				
Pass Through Payments:				
Virginia Department of Housing and Community Development:				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	120928	680,000	-
Total Department of Housing and Urban Development:			680,000	-
Department of Transportation:				
Pass Through Payments:				
Department of Motor Vehicles:				
Highway Safety Cluster:				
State and Community Highway Safety	20.600	FSC-2022-51116/FOP-2022-51047 FOP-2023-52005/FSC-2023-52060	19,573	-
Total Highway Safety Cluster			19,573	-
Alcohol Open Container Requirements	20.607	154AL-2022-52059/ 15AL-2023-53033	48,360	-
Total Department of Transportation			67,933	-
Federal Communications Commission				
Direct payments:				
Emergency Connectivity Fund Program	32.009	N/A	453,293	-
Total Federal Communications Commission			453,293	-
Department of Education:				
Pass Through Payments:				
Virginia Council of Higher Education:				
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	Not Available	45,693	-
Virginia Tech University:				
English Language Acquisition State Grants	84.365	Not Available	7,492	-
Department of Education:				
Title I Grants to Local Educational Agencies	84.010	S010A210046/S010A220046	938,791	-
Special Education Cluster (IDEA):				
Special Education Grants to States	84.027	H027A210107/H027X210107/ H027A220107	436,699	-
Special Education Preschool Grants	84.173	H173A210112/H173A220112	27,337	-
Total Special Education Cluster (IDEA)			464,036	-
Total Special Education Cluster			464,036	-
Migrant Education State Grant Program	84.011	S011A210047/S011A220047	82,928	-
Career and Technical Education - Basic Grants to States	84.048	V048A210046/V048A220046	87,819	-
Migrant Education Coordination Program	84.144	S144F210047/S144F220047	6,664	-
Rural Education	84.358	S358B210046/S358B200046/ S358B220046	48,584	-
Student Support and Academic Enrichment Program	84.424	S424A200048/S424A210048/ S424A220048	48,220	-
Supporting Effective Instruction State Grants	84.367	S367A210044/S367A220044	104,423	-
COVID 19 - Education Stabilization Fund:				
Elementary and Secondary School Emergency Relief Fund (ESSER)	84.425D	S425D200008/S425D210008	984,219	-
American Rescue Plan Elementary and Secondary School Emergency Relief Fund	84.425U	S425U210008	2,618,337	-
Total Education Stabilization Fund			3,602,556	-
Total Department of Education			5,437,206	-
Total Expenditures of Federal Awards			11,423,973	-

See accompanying notes to the schedule of expenditures of federal awards.

## COUNTY OF WESTMORELAND, VIRGINIA

### Notes to Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2023

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#### Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the County of Westmoreland, Virginia under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County of Westmoreland, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County of Westmoreland, Virginia.

#### Note 2 - Summary of Significant Accounting Policies

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(2) Pass-through entity identifying numbers are presented where available.

(3) The County did not elect to use the 10% de minimis indirect cost rate.

#### Note 3 - Food Distribution

Nonmonetary assistance is reported in the schedule at the fair market value of commodities received and disbursed.

#### Note 4 - Relationship to Financial Statements

Federal expenditures, revenues and capital contributions are reported in the County's basic financial statements as follows:

##### Intergovernmental federal revenues per the basic financial statements:

Primary government:	
General Fund	\$ 3,846,357
Less: Payments in Lieu of Taxes	(1,732)
Less: Interest Subsidy	(99,276)
Total primary government	<u>\$ 3,745,349</u>
Component Unit School Board:	
School Operating Fund	\$ 6,144,236
School Cafeteria Fund	1,534,388
Total Component Unit School Board	<u>\$ 7,678,624</u>
Total expenditures of federal awards per basic financial statements	<u>\$ 11,423,973</u>
Total expenditures of federal awards per the Schedule of Expenditures of Federal Awards	<u><u>\$ 11,423,973</u></u>

COUNTY OF WESTMORELAND, VIRGINIA

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2023

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Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) reported?	No
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) reported?	No
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR, Section 200.516 (a)?	No

Identification of major programs:

<u>Assistance Listing #</u>	<u>Name of Federal Program or Cluster</u>
21.027	COVID-19 Coronavirua State and Local Fiscal Recovery Funds
84.010	Title I Grants to Local Educational Agencies
84.425D/84.425U	COVID-19 Education Stabilization Fund
10.553/10.555	Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

## COUNTY OF WESTMORELAND, VIRGINIA

### Schedule of Findings and Questioned Costs For The Year Ended June 30, 2023 (Continued)

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#### Section II - Financial Statement Findings

##### **2023-001: Material Weakness - Material Audit Adjustments Proposed by the external Auditor - County**

###### *Criteria:*

Identification of a material adjustment to the financial statements that was not detected by the County's internal controls indicates that a material weakness may exist.

###### *Condition:*

The financial statements required material adjustments by the Auditors to ensure such statements complied with Generally Accepted Accounting Principles (GAAP). Material audit adjustments were proposed to financial statement groups of the county including, Capital Assets, Accounts Receivable, Deferred Revenue and Accounts Payable to be in accordance with Generally Accepted Accounting Principles.

###### *Cause:*

The county's internal controls in place to capture and record all necessary balances in the automated accounting system were not adequate for the year end June 30, 2023.

###### *Effect:*

There is a reasonable possibility that a material misstatement of the financial statement will not be prevented or detected by the entity's internal controls over financial reporting.

###### *Recommendation:*

We recommend that the County strengthen internal controls to capture and record all balances accurately in accordance with General Accepted Accounting Principles and eliminate the need for material audit adjustments. In addition, capturing and recording all necessary balances in the accounting system will assist Management and those charged with governance in their decision making for the County.

###### *Management's Response:*

County management will continue to strengthen internal controls related to capturing and recording all necessary balances in the automated accounting system.

#### Section III - Federal Award Findings and Questioned Costs

There are no federal award findings and questioned costs to report.

COUNTY OF WESTMORELAND, VIRGINIA

Summary Schedule of Prior Audit Findings  
For the Year Ended June 30, 2023

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2022-001: Material Weakness - Material Audit Adjustments Proposed by the external Auditor - School Board

Status: A similar finding is not reported in the 2023 findings and questioned costs.