

COUNTY OF LUNENBURG, VIRGINIA



ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDED JUNE 30, 2021

COUNTY OF LUNENBURG, VIRGINIA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2021

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COUNTY OF LUNENBURG, VIRGINIA

Board of Supervisors

Charles R. Slayton, Chairperson

Robert G. Zava
Dr. Frank W. Bacon
T. Wayne Hoover

J. Mike Hankins
Alvester L. Edmonds
Edward W. Pennington

Department of Social Services

Nancy Turner
Edward Pennington
Elyssa Long

Luther Drummond, Jr.
Cindi Yopp
Jacía Shaw

County School Board

xDonald B. Carnes, Chairperson

Kathy P. Coffee
Doug Aubel
Melanie B. Currin

Amy McClure
Beverley P. Hawthorne
Ruby B. Ingram

Other Officials

Judge of the Circuit Court	James William Watson Jr.
Clerk of the Circuit Court	Gordon F. Erby
Commonwealth's Attorney	Jordan Spiers
Commissioner of the Revenue	Liz Y. Hamlett
Treasurer	Amona Currin
Sheriff	Arthur Townsend
Superintendent of Schools	Charles M. Berkley, Jr.
Director of Social Services	Dorothy A. Newcomb
County Administrator	Tracy M. Gee

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Independent Auditors' Report

**To the Honorable Members of the Board of Supervisors
County of Lunenburg
Lunenburg, Virginia**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Lunenburg, Virginia, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Lunenburg, Virginia, as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 22 to the financial statements, in 2021, the County adopted new accounting guidance, GASB Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

Restatement of Beginning Balances

As described in Note 22 to the financial statements, in 2021, the County restated beginning balances to reflect the requirements of GASB Statement No. 84. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 4-10, 80-81, and 82-100 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. 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 and Other Information

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

The other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures

Supplementary and Other Information (Continued)

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 other supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The other statistical information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 2021, on our consideration of County of Lunenburg, 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 Lunenburg, 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 Lunenburg, Virginia's internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read "D. Frick", followed by a horizontal line.

Richmond, Virginia
November 24, 2021

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MANAGEMENT'S DISCUSSION AND ANALYSIS

**To the Honorable Members of the Board of Supervisors
To the Citizens of Lunenburg County
County of Lunenburg, Virginia**

As management of the County of Lunenburg, 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, 2021. Please read it in conjunction with the County's basic financial statements, which follow this section.

Financial Highlights

Government-wide Financial Statements

- < The assets of the County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$16,759,500 (net position).

Fund Financial Statements

The Governmental Funds, on a current financial resource basis, reported revenues and other financing sources over expenditures and other financing uses of \$1,122,685 (Exhibit 5) after making contributions totaling \$3,552,674 to the School Board.

- < As of the close of the current fiscal year; the County's funds reported ending fund balances of \$12,410,052, an increase of \$1,122,685 in comparison with the prior year.
- < At the end of the current fiscal year, unassigned fund balance for the general fund was \$10,466,729 or 70% of total general fund expenditures and other uses.
- < The combined long-term obligations decreased by \$383,610 during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise 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.

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 like a private-sector business.

The statement of net position presents information on all the County's assets/deferred outflows of resources and liabilities/deferred inflows of resources, with the difference 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 Lunenburg, Virginia itself (known as the primary government), but also a legally separate school district and industrial development authority for which the County of Lunenburg, Virginia is financially accountable. Financial information for the component units are reported separately from the financial information presented 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 Lunenburg, Virginia, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All County funds can be divided into two categories: governmental funds and fiduciary funds.

Overview of the Financial Statements (Continued)

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 at the bottom of the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances. The County has three major governmental funds – the General Fund, the County Special Revenue Fund, the County Debt Service Fund, and the County Capital Projects Fund.

Fiduciary funds - The County is the trustee, or fiduciary, for the County's fiduciary funds. It is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All County 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. Fiduciary funds are County custodial funds used to provide accountability of client monies for which the County is custodian.

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 statement 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 units - School Board and Industrial Development Authority. Neither issue separate financial statements.

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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, assets exceeded liabilities and deferred inflows of resources by \$16,759,500 at the close of the most recent fiscal year. The following table summarizes the County's Statement of Net Position:

County of Lunenburg, Virginia's Net Position			
	Governmental Activities		
	2021	2020	
Current and other assets	\$ 17,448,538	\$ 16,511,592	
Capital assets	13,541,097	14,070,190	
Total assets	\$ 30,989,635	\$ 30,581,782	
Deferred outflows of resources	\$ 878,049	\$ 582,363	
Current liabilities	\$ 1,343,319	\$ 1,601,808	
Long-term liabilities outstanding	10,327,634	10,711,244	
Total liabilities	\$ 11,670,953	\$ 12,313,052	
Deferred inflows of resources	\$ 3,519,253	\$ 3,476,593	
Net position:			
Net investment in capital assets	\$ 6,278,470	\$ 5,639,399	
Unrestricted	10,399,008	9,735,101	
Total net position	\$ 16,677,478	\$ 15,374,500	

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Government-wide Financial Analysis (Continued)

The County's net position increased by \$1,385,000 during the current fiscal year. The following table summarizes the County's Statement of Activities:

County of Lunenburg, Virginia's Changes in Net Position			
		Governmental Activities	
		2021	2020
Revenues:			
Program revenues:			
Charges for services	\$	745,794	\$ 461,715
Operating grants and contributions		5,595,086	3,662,459
Capital grants and contributions		978,575	68,883
General property taxes		6,898,034	6,538,921
Other local taxes		1,087,072	1,035,657
Grants and other contributions not restricted		1,240,972	1,259,543
Other general revenues		272,507	310,296
Payment from Lunenburg County School Board		-	380,000
Total revenues	\$	<u>16,818,040</u>	\$ <u>13,717,474</u>
Expenses:			
General government administration	\$	1,506,045	\$ 1,232,908
Judicial administration		1,102,671	1,060,553
Public safety		2,867,748	2,271,937
Public works		512,211	591,624
Health and welfare		3,728,150	2,562,332
Education		4,005,259	4,401,518
Community development		1,342,493	403,166
Interest and other fiscal charges		<u>368,463</u>	<u>349,873</u>
Total expenses	\$	<u>15,433,040</u>	\$ <u>12,873,911</u>
Change in net position	\$	1,385,000	\$ 843,563
Net position, beginning of year		<u>15,374,500</u>	<u>14,530,937</u>
Net position, end of year	\$	<u><u>16,759,500</u></u>	\$ <u><u>15,374,500</u></u>

Financial Analysis of the County's Funds

As noted earlier, the County uses 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. Particularly, unassigned 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 \$12,410,052, an increase of \$1,122,685 in comparison with the prior year. Approximately 84% of this total amount constitutes unassigned General Fund balance, which is available for spending at the County's discretion.

General Fund Budgetary Highlights

During the year, revenues and other sources exceeded budgetary estimates by \$1,460,937 and budgetary estimates were greater than expenditures and other uses by \$1,010,214. The resulting positive variance for change in fund balance was \$2,471,151.

Capital Asset and Debt Administration

< **Capital assets** - The County's investment in capital assets for its governmental operations as of June 30, 2021 amounts to \$13,541,097 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, and machinery and equipment.

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

Long-term debt - At the end of the current fiscal year, the County had total debt outstanding of \$6,984,914. Of this amount, \$5,025,914 comprises debt backed by the full faith and credit of the County. The remainder of the County's debt represents bonds secured solely by specified revenue sources (i.e., lease revenue bonds).

The County's total debt decreased by \$1,168,164 during the current fiscal year.

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

Economic Factors and Next Year's Budgets and Rates

< Inflationary trends in the region are comparable to national indexes.

All these factors were considered in preparing the County's budget for the 2022 fiscal year.

There was and 5.70% increase in the overall FY22 budget and all tax rates remained the same as in 2021.

Requests for Information

This financial report is designed to provide a general overview of the County of Lunenburg, 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, 11413 Courthouse Road, Lunenburg, Virginia 23952.

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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County of Lunenburg, Virginia
Statement of Net Position
June 30, 2021

	Primary Government		Component Units	
	Governmental		School Board	IDA
	Activities			
ASSETS				
Cash and cash equivalents	\$ 10,321,307	\$ 719,192	\$ 464,287	
Investments	1,208,048	-	-	
Inventory	-	-	80,000	
Receivables (net of allowance for uncollectibles):				
Taxes receivable	3,907,492	-	-	
Accounts receivable	304,716	-	-	
Due from other governmental units	1,788,997	629,629	-	
Net pension asset	-	175,699	-	
Capital assets (net of accumulated depreciation):				
Land	276,151	37,807	-	
Buildings and improvements	6,899,421	448,615	-	
Intangible	47,985	-	-	
Machinery and equipment	512,027	1,380,625	-	
Jointly owned assets	5,025,914	4,835,875	-	
Construction in progress	779,599	-	-	
Total assets	<u>\$ 31,071,657</u>	<u>\$ 8,227,442</u>	<u>\$ 544,287</u>	
DEFERRED OUTFLOWS OF RESOURCES				
Pension related items	\$ 831,623	\$ 4,443,202	\$ -	
OPEB related items	46,426	647,686	-	
Total deferred outflow of resources	<u>\$ 878,049</u>	<u>\$ 5,090,888</u>	<u>\$ -</u>	
LIABILITIES				
Accounts payable	\$ 215,806	\$ 235,413	\$ -	
Accrued liabilities	358,014	-	-	
Accrued interest payable	120,998	-	-	
Due to other governmental units	-	609,728	-	
Unearned revenue	648,501	-	-	
Long-term liabilities:				
Due within one year	1,232,726	-	-	
Due in more than one year	9,094,908	18,220,592	-	
Total liabilities	<u>\$ 11,670,953</u>	<u>\$ 19,065,733</u>	<u>\$ -</u>	
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue - property taxes	\$ 3,505,826	\$ -	\$ -	
Pension related items	-	1,343,657	-	
OPEB related items	13,427	515,719	-	
Total deferred inflows of resources	<u>\$ 3,519,253</u>	<u>\$ 1,859,376</u>	<u>\$ -</u>	
NET POSITION				
Net investment in capital assets	\$ 6,278,470	\$ 6,702,922	\$ -	
Restricted				
Pension plan	-	175,699	-	
Unrestricted	10,481,030	(14,485,400)	544,287	
Total net position	<u>\$ 16,759,500</u>	<u>\$ (7,606,779)</u>	<u>\$ 544,287</u>	

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

County of Lunenburg, Virginia
Statement of Activities
For the Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Units		
					Governmental Activities	School Board	IDA	
PRIMARY GOVERNMENT:								
Governmental activities:								
General government administration	\$ 1,506,045	\$ -	\$ 374,016	\$ -	\$ (1,132,029)	\$ -	\$ -	
Judicial administration	1,102,671	24,180	479,994	-	(598,497)	-	-	
Public safety	2,867,748	61,210	1,009,289	406,050	(1,391,199)	-	-	
Public works	512,211	656,827	-	-	144,616	-	-	
Health and welfare	3,728,150	-	3,079,303	-	(648,847)	-	-	
Education	4,005,259	-	142,999	-	(3,862,260)	-	-	
Community development	1,342,493	3,577	509,485	572,525	(256,906)	-	-	
Interest on long-term debt	368,463	-	-	-	(368,463)	-	-	
Total governmental activities	\$ 15,433,040	\$ 745,794	\$ 5,595,086	\$ 978,575	\$ (8,113,585)	\$ -	\$ -	
Total primary government	\$ 15,433,040	\$ 745,794	\$ 5,595,086	\$ 978,575	\$ (8,113,585)	\$ -	\$ -	
COMPONENT UNITS:								
School Board	\$ 20,235,811	\$ 13,082	\$ 16,972,105	\$ -	\$ -	\$ (3,250,624)	\$ -	
IDA	39,061	-	-	-	-	-	(39,061)	
Total component units	\$ 20,274,872	\$ 13,082	\$ 16,972,105	\$ -	\$ -	\$ (3,250,624)	\$ (39,061)	
General revenues:								
General property taxes					\$ 6,898,034	\$ -	\$ -	
Local sales and use taxes					578,283	-	-	
Motor vehicle licenses					212,983	-	-	
Utility taxes					184,805	-	-	
Other local taxes					111,001	-	-	
Unrestricted revenues from use of money and property					69,951	205	1,111	
Miscellaneous					202,556	191,984	-	
Grants and contributions not restricted to specific programs					1,240,972	-	-	
Contribution from Lunenburg County					-	4,224,411	37,261	
Total general revenues					\$ 9,498,585	\$ 4,416,600	\$ 38,372	
Change in net position					\$ 1,385,000	\$ 1,165,976	\$ (689)	
Net position - beginning, as restated					15,374,500	(8,772,755)	544,976	
Net position - ending					\$ 16,759,500	\$ (7,606,779)	\$ 544,287	

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

FUND FINANCIAL STATEMENTS

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County of Lunenburg, Virginia
Balance Sheet
Governmental Funds
June 30, 2021

	<u>General</u>	<u>County Special Revenue</u>	<u>County Capital Projects</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 10,380,649	\$ -	\$ 58,700	\$ 10,439,349
Investments	1,208,048	-	-	1,208,048
Receivables (net of allowance for uncollectibles):				
Taxes receivable	3,907,492	-	-	3,907,492
Accounts receivable	304,646	70	-	304,716
Due from other governmental units	1,363,884	425,113	-	1,788,997
Total assets	<u>\$ 17,164,719</u>	<u>\$ 425,183</u>	<u>\$ 58,700</u>	<u>\$ 17,648,602</u>
LIABILITIES				
Accounts payable	\$ 215,605	\$ 201	\$ -	\$ 215,806
Accrued liabilities	358,014	-	-	358,014
Reconciled overdraft payable	-	118,042	-	118,042
Unearned revenue	648,501	-	-	648,501
Total liabilities	<u>\$ 1,222,120</u>	<u>\$ 118,243</u>	<u>\$ -</u>	<u>\$ 1,340,363</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	\$ 3,898,187	\$ -	\$ -	\$ 3,898,187
Total deferred inflows of resources	<u>\$ 3,898,187</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,898,187</u>
FUND BALANCES				
Committed	\$ 1,283,394	\$ 306,940	\$ 58,700	\$ 1,649,034
Assigned	294,289	-	-	294,289
Unassigned	10,466,729	-	-	10,466,729
Total fund balances	<u>\$ 12,044,412</u>	<u>\$ 306,940</u>	<u>\$ 58,700</u>	<u>\$ 12,410,052</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 17,164,719</u>	<u>\$ 425,183</u>	<u>\$ 58,700</u>	<u>\$ 17,648,602</u>

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

County of Lunenburg, Virginia
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Position
June 30, 2021

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 12,410,052	
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Capital assets, cost	\$ 25,871,056	
Accumulated depreciation	<u>(12,329,959)</u>	13,541,097

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.

Unavailable revenue - property taxes		392,361
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Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.

Pension related items	\$ 831,623	
OPEB related items	<u>46,426</u>	878,049

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. The following is a summary of items supporting this adjustment:

Lease revenue bond	\$ (1,959,000)	
General obligation bonds	(5,025,914)	
Bond premium	(277,713)	
Compensated absences	(145,485)	
Net pension liability	(2,726,437)	
Net OPEB liability	(193,085)	
Accrued interest payable	<u>(120,998)</u>	(10,448,632)

Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.

OPEB related items	\$ (13,427)	(13,427)
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Net position of governmental activities		<u>\$ 16,759,500</u>
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The notes to the financial statements are an integral part of this statement.

County of Lunenburg, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2021

	<u>General</u>	<u>County Special Revenue</u>	<u>County Debt Service</u>	<u>County Capital Projects</u>	<u>Total</u>
REVENUES					
General property taxes	\$ 6,953,895	\$ -	\$ -	\$ -	\$ 6,953,895
Other local taxes	1,087,072	-	-	-	1,087,072
Permits, privilege fees, and regulatory licenses	50,876	-	-	-	50,876
Fines and forfeitures	9,493	-	-	-	9,493
Revenue from the use of money and property	64,983	4,968	-	-	69,951
Charges for services	684,779	646	-	-	685,425
Miscellaneous	198,261	4,295	-	-	202,556
Recovered costs	3,489	-	-	-	3,489
Intergovernmental:					
Commonwealth	4,467,508	580,325	-	-	5,047,833
Federal	2,623,657	144	142,999	-	2,766,800
Total revenues	\$ 16,144,013	\$ 590,378	\$ 142,999	\$ -	\$ 16,877,390
EXPENDITURES					
Current:					
General government administration	\$ 1,405,695	\$ -	\$ -	\$ -	\$ 1,405,695
Judicial administration	814,438	-	-	-	814,438
Public safety	2,696,250	3,387	-	-	2,699,637
Public works	468,282	-	-	-	468,282
Health and welfare	3,660,671	-	-	-	3,660,671
Education	3,552,674	-	-	-	3,552,674
Community development	892,425	592,390	-	-	1,484,815
Capital projects	150,706	-	-	6,061	156,767
Debt service:					
Principal retirement	-	-	2,989,971	-	2,989,971
Bond issuance costs	-	-	52,461	-	52,461
Interest and other fiscal charges	-	-	326,027	-	326,027
Total expenditures	\$ 13,641,141	\$ 595,777	\$ 3,368,459	\$ 6,061	\$ 17,611,438
Excess (deficiency) of revenues over (under) expenditures	\$ 2,502,872	\$ (5,399)	\$ (3,225,460)	\$ (6,061)	\$ (734,048)
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ -	\$ 55,000	\$ 1,296,822	-	\$ 1,351,822
Transfers out	(1,351,822)	-	-	-	(1,351,822)
Premium on general obligation bonds issued	-	-	306,733	-	306,733
Issuance of general obligation bonds	-	-	1,550,000	-	1,550,000
Total other financing sources (uses)	\$ (1,351,822)	\$ 55,000	\$ 3,153,555	\$ -	\$ 1,856,733
Net change in fund balances	\$ 1,151,050	\$ 49,601	\$ (71,905)	\$ (6,061)	\$ 1,122,685
Fund balances - beginning	10,893,362	257,339	71,905	64,761	11,287,367
Fund balances - ending	\$ 12,044,412	\$ 306,940	\$ -	\$ 58,700	\$ 12,410,052

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

County of Lunenburg, Virginia
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2021

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

Net change in fund balances - total governmental funds	\$	1,122,685
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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 capital outlays exceeded depreciation in the current period. The following is a summary of items supporting this adjustment:

Capital asset additions	\$	923,664	
Transfer of joint tenancy assets		(671,737)	
Depreciation expense		(781,020)	(529,093)

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

Property taxes			(55,861)
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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. The following is a summary of items supporting this adjustment:

Issuance of general obligation bonds	\$	(1,550,000)	
Premium on bond issuance		(306,733)	
Principal retirement on lease revenue bonds		466,000	
Principal retirement on general obligation bonds		2,523,971	1,133,238

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.

(Increase) decrease in accrued interest payable	\$	(24,901)	
Amortization of bond issuance premium		34,926	
Pension expense		(293,053)	
OPEB expense		6,088	
(Increase) decrease in compensated absences		(9,029)	(285,969)

Change in net position of governmental activities	\$	1,385,000
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The notes to the financial statements are an integral part of this statement.

County of Lunenburg, Virginia
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2021

	Custodial Funds
ASSETS	
Cash and cash equivalents	\$ 33,866
NET POSITION	
Restricted for individuals	\$ 1,407
Restricted for others	32,459
Total net position	\$ 33,866

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

County of Lunenburg, Virginia

Statement of Changes in Fiduciary Net Position - Fiduciary Funds
For the Year Ended June 30, 2021

	<u>Custodial Funds</u>
ADDITIONS	
Miscellaneous	\$ <u>535</u>
Total additions	\$ <u>535</u>
DEDUCTIONS	
Recipient payments	\$ <u>1,303</u>
Total deductions	\$ <u>1,303</u>
Net increase (decrease) in fiduciary net position	\$ (768)
Net position - beginning, as restated	<u>34,634</u>
Net position - ending	<u><u>\$ 33,866</u></u>

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

COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements As of June 30, 2021

Note 1—Summary of Significant Accounting Policies:

The County of Lunenburg, Virginia (the "County") is governed by an elected seven-member Board of Supervisors. The County provides a full range of services for its citizens. These services include police, sanitation services, recreational activities, cultural events, education, and social services.

The financial statements of the County of Lunenburg, 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 the 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.

Government-wide and Fund Financial Statements

Government-wide financial statements - The reporting model includes financial statements prepared using full accrual accounting for all the government's activities. This approach includes not just current assets and liabilities but also capital assets and long-term liabilities (such as buildings and general obligation debt).

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

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).

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 1—Summary of Significant Accounting Policies: (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 one way or another 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. Many governments revise their original budgets over the course of the year for a variety of reasons.

A. Financial Reporting Entity

The basic criterion for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a primary governmental unit's reporting entity for the basic financial statements is financial accountability. Financial accountability includes the appointment of a voting majority of the organization's governing body and the ability of the primary government to impose its will on the organization or if there is a financial benefit/burden relationship. In addition, an organization which is fiscally dependent on the primary government should be included in its reporting entity. These financial statements present the County of Lunenburg (the primary government) and its component units. 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. Each discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize that it is legally separate from the government.

B. Individual Component Unit Disclosures

Blended Component Units. The County has no blended component units on June 30, 2021.

Discretely Presented Component Units. The School Board members are elected by the citizens of Lunenburg County. The School Board is responsible for the operations of the County's School System within the County boundaries. The School Board is fiscally dependent on the County. The County can approve its budget and any amendments. The primary funding is from the General Fund of the County. The School Fund does not issue a separate financial report. The financial statements of the School Board are presented as a discrete presentation of the County financial statements for the fiscal year ended June 30, 2021.

The Industrial Development Authority of Lunenburg County is responsible for industrial and commercial development in the County. The Authority consists of five members appointed by the Board of Supervisors. The Authority is fiscally dependent on the County, and therefore, it is included in the County's financial statements as a discrete presentation for the year ended June 30, 2021. The Industrial Development Authority of Lunenburg County does not issue a separate financial report.

C. Other Related Organizations

Jointly Governed Organizations

The County, in conjunction with other localities, has created the Crossroads Community Services Board. The governing body of this organization is appointed by the respective governing bodies of the participating jurisdictions. During the year, the County contributed \$53,000 to the Crossroads Community Services Board.

Complete financial statements of the jointly governed organizations may be obtained by contacting the County of Lunenburg, Virginia, Office of the Administrator, 11413 Courthouse Road, Lunenburg, VA 23952.

Note 1—Summary of Significant Accounting Policies: (Continued)

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accompanying financial statements are prepared in accordance with pronouncements issued by the Governmental Accounting Standards Board. The principles prescribed by GASB represent generally accepted accounting principles applicable to governmental units.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The government-wide Statement of Activities reflects both the gross and net cost per functional category (public safety, public works, health and welfare, etc.) which 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.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the manner these funds are normally budgeted. Revenues are recognized when they have been earned and they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenue items are considered measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service principal and interest expenditures on general long-term debt as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The County's fiduciary funds are presented in the fund financial statements by type. Since, by definition, these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real estate and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 60 days after year-end are reflected as unavailable revenues. Sales and utility taxes, which are collected by the state or utilities and subsequently remitted to the County, are recognized as revenues and receivables upon collection by the state or utility, which is generally within two months preceding receipt by the County.

Licenses, permits, fines and rents are recorded as revenues when received. Intergovernmental revenues, consisting primarily of federal, state, and other grants for the purpose of funding specific expenditures, are recognized when earned or at the time of the specific expenditure. Revenues from general purpose grants are recognized in the period to which the grant applies. All other revenue items are considered measurable and available only when cash is received by the government.

Note 1—Summary of Significant Accounting Policies: (Continued)

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

In the fund financial statements, financial transactions and accounts of the County are organized based on 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.

1. Governmental Funds

Governmental Funds are those through which most governmental functions typically are financed. The County reports the General Fund, County Special Revenue Fund, County Debt Service Fund, and County Capital Projects fund as major governmental funds.

General Fund - The General Fund is the primary operating fund of the County. This fund is used to account for and report all financial transactions and 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 is used principally to finance the operations of the Component Unit School Board.

Special Revenue Fund - The County Special Revenue Fund accounts for and reports the proceeds of specific revenue sources that are restricted, committed or assigned to expenditure for specified purposes other than debt service or capital projects.

Debt Service Fund - The County Debt Service Fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt service funds should also be used to report financial resources being accumulated for future debt service.

Capital Projects Fund - The County 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.

- 2. Fiduciary Funds (Trust and Custodial Funds)** - account for assets held by the County in a trustee capacity or as a custodian for individuals, private organizations, other governmental units, or other funds. These funds include Custodial Funds. These funds utilize the accrual basis of accounting described in the Governmental Fund Presentation. Fiduciary funds are not included in the government-wide financial statements. The County reports the following Fiduciary Funds: Special Welfare and Cell Tower Escrow.

COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 1—Summary of Significant Accounting Policies: (Continued)

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

3. Component Unit

The Lunenburg County School Board has the following funds:

Governmental Fund:

School Operating Fund - This fund is the primary operating fund of the School Board and accounts for 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 Lunenburg School Board and state and federal grants. The School Operating Fund is considered a major fund of the School Board for financial reporting purposes.

Special Revenue Fund:

School Cafeteria Fund - This fund is the operating fund of the school cafeteria and accounts for all revenues and expenditures applicable to the general operations of the school nutrition system. Revenues are derived primarily from charges for services and state and federal grants. The School Cafeteria Fund is considered a major fund of the School Board for financial reporting purposes.

School Activity Fund:

School activity funds include all funds received from extracurricular school activities, such as entertainment, athletic contests, club dues, fundraisers, etc., and from all activities of the school involving personnel, students, or property. The School Activity Fund is considered a major fund of the School Board for financial reporting purposes.

E. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government. For purposes of the statement of cash flows, the government's proprietary funds consider their demand deposits and all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

F. Investments

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit, and other nonparticipating investments, and external investment pools are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year end.

State statutes authorize the government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds and repurchase agreements.

COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 1—Summary of Significant Accounting Policies: (Continued)

G. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e. the current portions of the interfund loans). All other outstanding balances between funds are reported as “advances to/from other funds” (i.e. the noncurrent portion of the interfund loans).

All trade and property tax receivables are shown net of an 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 \$358,139 on June 30, 2021 and is comprised solely of property taxes.

Real and Personal Property Tax Data:

The tax calendars for real and personal property taxes are summarized below.

	<u>Real Property</u>	<u>Personal Property</u>
Levy	January 1	January 1
Due Date	June 5/December 5 (50% each date)	June 5/December 5 (50% each date)
Lien Date	January 1	January 1

The County bills and collects its own property taxes.

H. Capital Assets

Capital assets, which include property and plant and equipment, are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the County as land, buildings, and equipment with an initial individual cost of more than \$5,000 (amount not rounded) and an estimated useful life of more than two years. The County does not have any infrastructure in its capital assets since roads, streets, bridges, and similar assets within its boundaries are the property of the Commonwealth of Virginia. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset’s life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property and plant and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives.

<u>Assets</u>	<u>Years</u>
Buildings and improvements	40
Furniture, Vehicles, and Office Equipment	5-20
Buses	10

Note 1—Summary of Significant Accounting Policies: (Continued)

I. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as expenses in the Statement of Activities and long-term obligations in the Statement of Net Position. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that is estimated will be taken as “terminal leave” prior to retirement.

J. Use of Estimates

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

K. Net Position

For government-wide reporting as well as in proprietary funds, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

- Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds, notes, and other debt that are attributable 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 included in this component of net position.
- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

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

L. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has one item that qualifies for reporting in this category. It is comprised of certain items related to the measurement of the net pension liability and net OPEB liabilities and contributions to the pension and OPEB plans made during the current year and subsequent to the net pension liability and net OPEB measurement date. For more detailed information, reference the related notes.

Note 1—Summary of Significant Accounting Policies: (Continued)

L. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has two types of 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, 2nd half installments levied during the fiscal year but due after June 30th, and amounts prepaid on the 2nd half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, 2nd half installments levied during the fiscal year but due after June 30th and amounts prepaid on the 2nd half installments are reported as deferred inflows of resources. In addition, certain items related to the measurement of the net pension liability and net OPEB liabilities are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

M. Fund Balance

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

- Nonspendable fund balance - amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund).
- Restricted fund balance - amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling federal, state, or local legislation. Restrictions may be changed or lifted only with the consent of the resource providers.
- Committed fund balance - amounts that can be used only for the specific purposes determined by the adoption of an ordinance committing fund balance for a specified purpose by the Board of Supervisors prior to the end of the fiscal year. Once adopted, the limitation imposed by the ordinance remains in place until the resources have been spent for the specified purpose or the Board adopts another ordinance to remove or revise the limitation.
- Assigned fund balance - amounts a government intends to use for a specific purpose but do not meet the criteria to be classified as committed; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. Unlike commitments, assignments general only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are only reported in the general fund. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

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.

COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 1—Summary of Significant Accounting Policies: (Continued)

M. Fund Balance (Continued)

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

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

	General Fund	Major Special Revenue Fund	Major Capital Projects Fund	Total
		County Special Revenue Fund	County Capital Projects	
Fund Balances:				
Committed:				
Landfill	\$ 792,720	\$ -	\$ -	\$ 792,720
Project lifesaver	-	6,853	-	6,853
Law library	-	23,960	-	23,960
Forfeited assets	-	7,684	-	7,684
Airport	-	5,025	-	5,025
County capital projects	-	-	58,700	58,700
Land sale unclaimed funds	116,743	-	-	116,743
E-911	364,518	-	-	364,518
Voting machines	9,413	-	-	9,413
Economic Development	-	263,418	-	263,418
Total Committed	\$ 1,283,394	\$ 306,940	\$ 58,700	\$ 1,649,034
Assigned:				
Reassessment	\$ 74,034	\$ -	\$ -	\$ 74,034
Emergency Services	220,255	-	-	220,255
Total Assigned	\$ 294,289	\$ -	\$ -	\$ 294,289
Unassigned	\$ 10,466,729	\$ -	\$ -	\$ 10,466,729
Total Fund Balances	\$ 12,044,412	\$ 306,940	\$ 58,700	\$ 12,410,052

COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 1—Summary of Significant Accounting Policies: (Continued)

N. Pensions

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

O. 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 (nonprofessional), Teacher HIC, and Medical and Dental Pay-As-You-Go OPEB Plans and the additions to/deductions from the VRS OPEB Plans' fiduciary net position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

P. Long-term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bonds payable are reported net of the applicable bond premium or discount.

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

Q. Inventory

Inventory in the Component Unit - Industrial Development Authority consists of land held for resale.

Note 2—Stewardship, Compliance, and Accounting:

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

1. On or before March 30th, 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 and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the fund level. The appropriation for each department or category can be revised only by the Board of Supervisors. The County Administrator is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.

COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 2—Stewardship, Compliance, and Accounting: (Continued)

5. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
6. All appropriations expire as of June 30 each year.

Expenditures and Appropriations

Expenditures did not exceed appropriations in any funds on June 30, 2021.

Note 3—Deposits and Investments:

Deposits

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the “Act”) Section 2.2-4400 et. Seq. of the Code of Virginia. Under the Act, banks and savings institutions holding public deposits more than 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.

Investments

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 and Poor’s; or F1 by Fitch Ratings, Inc. (Section 2.2-4502), banker’s acceptances, repurchase agreements, and the State Treasurer’s Local Government Investment Pool (LGIP).

Credit Risk of Debt Securities

The County’s rated debt investments as of June 30, 2021 were rated by Standard and Poor’s and the ratings are presented below using the Standard and Poor’s rating scale.

Rated Debt Investments	Fair Quality Ratings				
	AAA	AAAm	AA+	AA-	Unrated
Municipal Issues	\$ 149,752	\$ -	\$ 51,456	\$ -	\$ -
Repurchase Agreements - Underlying:					
U.S. Agency Securities	-	-	886,894	-	119,946
Total	\$ 149,752	\$ -	\$ 938,350	\$ -	\$ 119,946

COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 3—Deposits and Investments: (Continued)

Interest Rate Risk

Investment Maturities (in years)			
Investment Type	Fair Value	Less Than	
		1 Year	1-5 Years
Municipal Issues	\$ 201,208	\$ 201,208	\$ -
U.S. Agency Securities	1,006,840	-	1,006,840
Total	\$ 1,208,048	\$ 201,208	\$ 1,006,840

Note 4—Due to/from Other Governments:

On June 30, 2021, the County has receivables from other governments as follows:

	Primary Government	Component Unit School Board
Other Local Governments:		
Lunenburg County School Board	\$ 609,728	\$ -
Commonwealth of Virginia:		
Local sales tax	99,336	-
Welfare	35,010	-
Rolling stock tax	4,242	-
State sales tax	-	259,111
Tobacco commission	423,355	-
E911 grant	7,526	-
Constitutional officer reimbursements	119,959	-
Victim witness grant	3,637	-
Moped/atv	312	-
Auto rental tax	274	-
Games of skill	1,440	-
Children's services act	308,679	-
School resource officer	10,095	-
Communications tax	23,697	-
Airport grant	1,757	-
Federal Government:		
School fund grants	-	370,518
Welfare	43,673	-
Homeland security	82,022	-
Other federal grants	14,255	-
Total due from other governments	\$ 1,788,997	\$ 629,629

At June 30, 2021, amounts due to other local governments are as follows:

Other Local Governments:		
County of Lunenburg	\$ -	\$ 609,728

COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements As of June 30, 2021 (Continued)

Note 5—Capital Assets:

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2021:

Primary Government:

	<u>Balance July 1, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2021</u>
Governmental activities:				
Capital assets not subject to depreciation:				
Land	\$ 276,151	\$ -	\$ -	\$ 276,151
Construction in progress	-	779,599	-	779,599
Total capital assets not subject to depreciation	\$ 276,151	\$ 779,599	\$ -	\$ 1,055,750
Capital assets subject to depreciation:				
Buildings and improvements	\$ 11,206,598	\$ -	\$ -	\$ 11,206,598
Machinery and equipment	3,061,730	144,065	50,676	3,155,119
Intangible	159,950	-	-	159,950
Jointly owned assets	11,669,432	-	1,375,793	10,293,639
Total capital assets subject to depreciation	\$ 26,097,710	\$ 144,065	\$ 1,426,469	\$ 24,815,306
Accumulated depreciation:				
Buildings and improvements	\$ 4,004,281	\$ 302,896	\$ -	\$ 4,307,177
Machinery and equipment	2,533,873	159,895	50,676	2,643,092
Intangible	95,970	15,995	-	111,965
Jointly owned assets	5,669,547	302,234	704,056	5,267,725
Total accumulated depreciation	\$ 12,303,671	\$ 781,020	\$ 754,732	\$ 12,329,959
Total capital assets being depreciated, net	\$ 13,794,039	\$ (636,955)	\$ 671,737	\$ 12,485,347
Governmental activities capital assets, net	\$ 14,070,190	\$ 142,644	\$ 671,737	\$ 13,541,097

Component Unit - School Board:

	<u>Balance July 1, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2021</u>
Capital assets not subject to depreciation:				
Land	\$ 37,807	\$ -	\$ -	\$ 37,807
Total capital assets not subject to depreciation	\$ 37,807	\$ -	\$ -	\$ 37,807
Capital assets subject to depreciation:				
Buildings and improvements	\$ 290,960	\$ 212,546	\$ -	\$ 503,506
Machinery and equipment	3,597,643	911,635	-	4,509,278
Jointly owned assets	8,528,624	-	(1,375,793)	9,904,417
Total capital assets subject to depreciation	\$ 12,417,227	\$ 1,124,181	\$ (1,375,793)	\$ 14,917,201
Accumulated depreciation:				
Buildings and improvements	\$ 31,414	\$ 23,477	\$ -	\$ 54,891
Machinery and equipment	2,978,035	150,618	-	3,128,653
Jointly owned assets	4,143,596	220,890	(704,056)	5,068,542
Total accumulated depreciation	\$ 7,153,045	\$ 394,985	\$ (704,056)	\$ 8,252,086
Total capital assets being depreciated, net	\$ 5,264,182	\$ 729,196	\$ (671,737)	\$ 6,665,115
Component Unit - School Board capital assets, net	\$ 5,301,989	\$ 729,196	\$ (671,737)	\$ 6,702,922

COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 5—Capital Assets: (Continued)

Depreciation expense was charged to functions/programs as follows:

Governmental activities:

General government administration	\$	61,854
Judicial administration		228,034
Public safety		129,035
Public works		38,210
Health and welfare		15,781
Education		302,234
Community development		<u>5,872</u>
Total Governmental activities	\$	<u><u>781,020</u></u>

Component Unit School Board	\$	<u><u>394,985</u></u>
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Note 6—Interfund Transfers:

Interfund transfers for the year ended June 30, 2021 consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General	\$ -	\$ 1,351,822
County special revenue	55,000	-
County debt service fund	<u>1,296,822</u>	<u>-</u>
Total Primary Government	\$ <u><u>1,351,822</u></u>	\$ <u><u>1,351,822</u></u>

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

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COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 7—Long-Term Obligations:

Primary Government:

The following is a summary of changes in long-term obligations for the fiscal year ended June 30, 2021:

	Balance at July 1, 2020	Issuances/ Increases	Retirements/ Decreases	Balance at June 30, 2021	Amounts Due Within One Year
Governmental Activities Obligations:					
Incurred by County:					
Compensated absences	\$ 136,456	\$ 22,675	\$ 13,646	\$ 145,485	\$ 14,549
Net pension liability	1,963,696	1,309,200	546,459	2,726,437	-
Net OPEB liability	180,301	61,994	49,210	193,085	-
Direct Borrowings and Direct Placements:					
Lease revenue bond	<u>2,425,000</u>	<u>-</u>	<u>466,000</u>	<u>1,959,000</u>	<u>476,000</u>
Total incurred by County	<u>\$ 4,705,453</u>	<u>\$ 1,393,869</u>	<u>\$ 1,075,315</u>	<u>\$ 5,024,007</u>	<u>\$ 490,549</u>
Incurred by School Board:					
Direct Borrowings and Direct Placements:					
General obligation bonds	\$ 5,999,885	\$ 1,550,000	\$ 2,523,971	\$ 5,025,914	\$ 742,177
Issuance premium	<u>5,906</u>	<u>306,733</u>	<u>34,926</u>	<u>277,713</u>	<u>-</u>
Total incurred by School Board	<u>\$ 6,005,791</u>	<u>\$ 1,856,733</u>	<u>\$ 2,558,897</u>	<u>\$ 5,303,627</u>	<u>\$ 742,177</u>
Total Governmental Activities Obligations	<u>\$ 10,711,244</u>	<u>\$ 3,250,602</u>	<u>\$ 3,634,212</u>	<u>\$ 10,327,634</u>	<u>\$ 1,232,726</u>

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

		Direct Borrowings and Direct Placements	
		Incurred by County	
Year Ending June 30		Lease Revenue Bond	
		Principal	Interest
2022	\$	476,000	\$ 38,592
2023		485,000	29,215
2024		494,000	19,661
2025		<u>504,000</u>	<u>9,928</u>
Total	\$	<u>1,959,000</u>	<u>\$ 97,396</u>

COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

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

Year Ending June 30	Direct Borrowings and Direct Placements Incurred by School Board	
	General Obligation Bonds	
	Principal	Interest
2022	\$ 742,177	\$ 320,441
2023	706,865	277,687
2024	731,159	252,056
2025	750,478	225,895
2026	770,235	198,790
2027	410,000	179,923
2028	335,000	106,673
2029	350,000	95,184
2030	115,000	89,250
2031	115,000	89,250
Total	\$ 5,025,914	\$ 1,835,148

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COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements As of June 30, 2021 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Details of long-term indebtedness are as follows:

	<u>Notes</u>	<u>Interest Rates</u>	<u>Date Issued</u>	<u>Final Maturity Date</u>	<u>Amount of Original Issue</u>	<u>Balance Governmental Activities</u>	<u>Amount Due Within One Year</u>
Incurred by the County:							
Compensated absences (payable from the General Fund)						\$ 145,485	\$ 14,549
Net OPEB liability (payable from the General Fund)						\$ 193,085	\$ -
Net pension liability (payable from the General Fund)						\$ 2,726,437	\$ -
Direct borrowings and direct placements:							
<u>Lease Revenue Bonds:</u>							
Public Facility Lease Revenue Bond	(a)	1.97%	12/22/2017	2/1/2025	\$ 3,763,000	\$ 1,959,000	\$ 476,000
Total long-term obligations incurred by the County						\$ 5,024,007	\$ 490,549
Incurred by the School Board:							
Direct borrowings and direct placements:							
<u>General Obligation Bonds:</u>							
VPSA Bond Outstanding, plus unamortized premium of \$5,063	(a)	4.25%	7/8/2010	6/1/2027	\$ 1,175,000	\$ 515,063	\$ 85,000
VPSA Bond Outstanding	(a)	4.25%	12/15/2012	12/1/2030	2,100,000	1,210,000	180,000
VPSA Bond Outstanding	(a)	4.60% - 5.10%	10/25/2005	1/15/2026	5,856,256	1,755,914	332,177
VPSA Bond Outstanding, plus unamortized premium of \$272,650	(a)	5.05%	11/10/2020	7/15/2028	1,550,000	1,822,650	145,000
Total General Obligation and Lease Revenue Bonds						\$ 5,303,627	\$ 742,177
Total Direct Borrowings and Direct Placements						\$ 5,303,627	\$ 742,177
Total long-term obligations incurred by School Board, payable from the General Fund						\$ 5,303,627	\$ 742,177
Total outstanding debt - governmental activities						\$ 10,327,634	\$ 1,232,726
(a) No other terms specified in the debt agreement							

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COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 7—Long-Term Obligations: (Continued)

Component Unit-School Board:

	Balance at July 1, 2020	Increases	Decreases	Balance at June 30, 2021	Amounts Due Within One Year
Component Unit-School Board:					
Net pension liability	\$ 12,878,932	\$ 6,391,169	\$ 4,190,670	\$ 15,079,431	\$ -
Capital lease	7,396	-	7,396	-	-
Net OPEB liabilities	3,201,016	963,269	1,023,124	3,141,161	-
Total Component Unit-School Board	\$ <u>16,087,344</u>	\$ <u>7,354,438</u>	\$ <u>5,221,190</u>	\$ <u>18,220,592</u>	\$ <u>-</u>

Note 8—Unearned and Deferred/Unavailable Revenue:

Unearned and unavailable revenue represent amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Under the accrual basis, assessments for future periods are deferred. The County reports deferred revenue and unavailable revenue totaling \$3,505,826 and \$3,898,187 respectively, on June 30, 2021 which is comprised of the following:

	Government-wide Statements Governmental Activities	Balance Sheet Governmental Funds
Deferred/Unavailable revenue:		
Unavailable property tax revenue representing uncollected property tax billings that are not available for the funding of current expenditures	\$ -	\$ 392,361
2nd half assessment - property tax	3,169,139	3,169,139
Prepaid property taxes due in December but paid in advance by taxpayers	336,687	336,687
Total	\$ <u>3,505,826</u>	\$ <u>3,898,187</u>

Note 9—Commitments and Contingent Liabilities:

Federal programs in which the County and its discretely presented component units participate were audited in accordance with the provisions of the Title 2 U. S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Pursuant to the provisions of this circular all major programs and certain other programs were tested for compliance with applicable grant requirements.

COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 9—Commitments and Contingent Liabilities: (Continued)

While no matters of noncompliance were disclosed by audit, the Federal Government may subject grant programs to additional compliance tests which may result in disallowed expenditures. In the opinion of management, any future disallowance of current grant program expenditures, if any, would be immaterial.

Note 10—Litigation:

On June 30, 2021, there were no matters of litigation involving the County or its component units which would materially affect the County's financial position should any court decisions on pending matters not be favorable to the County.

Note 11—Risk Management:

The County and its component units 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 participates with other Virginia localities in public entity risk pools for the provision of insurance coverage. The County receives workers' compensation, liability, and property loss coverage through the Virginia Association of Counties Group Self Insurance Risk Pool. The School Board receives its workers' compensation coverage from the School Systems of Virginia and all other coverage from commercial carriers. The County pays an annual premium to the pool for insurance through member premiums. There have been no reductions in any insurance coverage from the previous year and settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

Note 12—Pension Plans:

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.

Note 12—Pension Plans: (Continued)

Benefit Structures (Continued)

- 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 equals 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.

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.

COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 12—Pension Plans: (Continued)

Employees Covered by Benefit Terms

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

	<u>Primary Government</u>	<u>Component Unit School Board nonprofessional</u>
Inactive members or their beneficiaries currently receiving benefits	59	26
Inactive members:		
Vested inactive members	7	1
Non-vested inactive members	19	7
Inactive members active elsewhere in VRS	<u>36</u>	<u>6</u>
Total inactive members	62	14
Active members	<u>52</u>	<u>33</u>
Total covered employees	<u><u>173</u></u>	<u><u>73</u></u>

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted because 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 employer contribution rate for the year ended June 30, 2021 was 13.2% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$294,700 and \$259,561 for the years ended June 30, 2021 and June 30, 2020, respectively.

The Component Unit School Board's contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2021 was 1.32% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by 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 \$3,596 and \$5,850 for the years ended June 30, 2021 and June 30, 2020, respectively.

COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 12—Pension Plans: (Continued)

Net Pension Liability (Asset)

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

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, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

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

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

Mortality rates:

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

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 12—Pension Plans: (Continued)

Actuarial Assumptions - General Employees (Continued)

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in 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)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

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, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

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

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

COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 12—Pension Plans: (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:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year, 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

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COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 12—Pension Plans: (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:

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.14%

* The above allocation provides a one-year return of 7.14%. However, one-year returns do not consider the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

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 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, 2020, 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, 2017 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2020, 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,

COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 12—Pension Plans: (Continued)

Discount Rate (Continued)

which was 100% of the actuarially determined contribution rate. From July 1, 2020 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, 2019	\$ 13,614,614	\$ 11,650,918	\$ 1,963,696
Changes for the year:			
Service cost	\$ 264,784	\$ -	\$ 264,784
Interest	893,972	-	893,972
Differences between expected and actual experience	192,243	-	192,243
Contributions - employer	-	259,410	(259,410)
Contributions - employee	-	115,712	(115,712)
Net investment income	-	221,069	(221,069)
Benefit payments, including refunds	(741,177)	(741,177)	-
Administrative expenses	-	(7,674)	7,674
Other changes	-	(259)	259
Net changes	\$ 609,822	\$ (152,919)	\$ 762,741
Balances at June 30, 2020	\$ 14,224,436	\$ 11,497,999	\$ 2,726,437

COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 12—Pension Plans: (Continued)

Changes in Net Pension Liability (Asset)

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2019	\$ 2,641,198	\$ 2,924,480	\$ (283,282)
Changes for the year:			
Service cost	\$ 56,647	\$ -	\$ 56,647
Interest	173,897	-	173,897
Differences between expected and actual experience	(32,568)	-	(32,568)
Contributions - employer	-	5,886	(5,886)
Contributions - employee	-	31,066	(31,066)
Net investment income	-	55,438	(55,438)
Benefit payments, including refunds	(129,885)	(129,885)	-
Administrative expenses	-	(1,932)	1,932
Other changes	-	(65)	65
Net changes	\$ 68,091	\$ (39,492)	\$ 107,583
Balances at June 30, 2020	\$ 2,709,289	\$ 2,884,988	\$ (175,699)

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

The following presents the net pension liability (asset) 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 (asset) 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 (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
County			
Net Pension Liability	\$ 4,287,248	\$ 2,726,437	\$ 1,412,654
Component Unit School Board (nonprofessional)			
Net Pension Liability (Asset)	\$ 137,931	\$ (175,699)	\$ (438,774)

COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 12—Pension Plans: (Continued)

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

For the year ended June 30, 2021, the County and Component Unit School Board (nonprofessional) recognized pension expense of \$587,602 and \$52,425, respectively. On June 30, 2021, 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	\$ 137,767	\$ -	\$ 10,906	\$ 20,461
Changes of assumptions	55,904	-	20,845	-
Net difference between projected and actual earnings on pension plan investments	343,252	-	86,064	-
Employer contributions subsequent to the measurement date	294,700	-	3,596	-
Total	<u>\$ 831,623</u>	<u>\$ -</u>	<u>\$ 121,411</u>	<u>\$ 20,461</u>

\$294,700 and \$3,596 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 year fiscal ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30	Primary Government	Component Unit School Board (nonprofessional)
2022	\$ 165,451	\$ 21,163
2023	142,842	18,876
2024	118,080	29,563
2025	110,550	27,752
2026	-	-
Thereafter	-	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 12—Pension Plans: (Continued)

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 because 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, 2021 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 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 \$1,425,309 and \$1,376,948 for the years ended June 30, 2021 and June 30, 2020, respectively.

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

On June 30, 2021, the school division reported a liability of \$15,079,431 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2020 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. The school 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, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. On June 30, 2020, the school division's proportion was .10360% as compared to .09786% on June 30, 2019.

For the year ended June 30, 2021, the school division recognized pension expense of \$1,668,836. 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.

COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 12—Pension Plans: (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)***

On June 30, 2021, 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	\$ -	\$ 883,888
Changes of assumptions	1,029,360	-
Net difference between projected and actual earnings on pension plan investments	1,146,958	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	720,164	439,308
Employer contributions subsequent to the measurement date	<u>1,425,309</u>	<u>-</u>
Total	<u>\$ 4,321,791</u>	<u>\$ 1,323,196</u>

\$1,425,309 reported as deferred outflows of resources related to pensions resulting from the school division's contributions after the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	
2022	\$ (58,810)
2023	401,617
2024	671,525
2025	545,110
2026	13,844

COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 12—Pension Plans: (Continued)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions

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

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*

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

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 75 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement:

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

COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 12—Pension Plans: (Continued)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions (Continued)

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

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

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, 2020, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

		Teacher Employee Retirement Plan
Total Pension Liability	\$	51,001,855
Plan Fiduciary Net Position		36,449,229
Employers' Net Pension Liability (Asset)	\$	<u>14,552,626</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		71.47%

The total pension liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net 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.

Long-Term Expected Rate of Return

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

COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 12—Pension Plans: (Continued)

Component Unit School Board (professional) (Continued)

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:

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
School Board's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset)	\$ 22,124,912	\$ 15,079,431	\$ 9,251,928

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Primary Government and Component Unit School Board

Aggregate Pension Information

	Primary Government				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
VRS Pension Plans:								
Primary Government	\$ 831,623	\$ -	\$ 2,726,437	\$ 587,602	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	121,411	20,461	(175,699)	52,425
School Board Professional	-	-	-	-	4,321,791	1,323,196	15,079,431	1,668,836
Totals	<u>\$ 831,623</u>	<u>\$ -</u>	<u>\$ 2,726,437</u>	<u>\$ 587,602</u>	<u>\$ 4,443,202</u>	<u>\$ 1,343,657</u>	<u>\$ 14,903,732</u>	<u>\$ 1,721,261</u>

Note 13—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 program, it is not included as part of the GLI Plan OPEB.

The specific information for GLI 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, safety belt 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 calculation. The minimum benefit adjusted for the COLA was \$8,616 as of June 30, 2021.

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% x 60%) and the employer component was 0.54% (1.34% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2021 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions,

COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 13—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Contributions (Continued)

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 Group Life Insurance Plan from the County were \$12,333 and \$12,379 for the years ended June 30, 2021 and June 30, 2020, respectively.

Contributions to the Group Life Insurance Plan from the Component Unit School Board professional group were \$47,719 and \$46,795 for the years ended June 30, 2021 and June 30, 2020, respectively. Contributions to the Group Life Insurance Plan from the Component Unit School Board nonprofessional group were \$3,657 and \$3,563 for the years ended June 30, 2021 and June 30, 2020, respectively.

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

On June 30, 2021, the County reported a liability of \$193,085 for its proportionate share of the Net GLI OPEB Liability. The Component Unit School Board professional and nonprofessional groups reported liabilities of \$729,615 and \$55,572, respectively, for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2020 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. The covered 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, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. On June 30, 2020, the County's proportion was .01160% as compared to .01108% on June 30, 2019. On June 30, 2020, the Component Unit School Board professional and nonprofessional groups' proportion was .04370% and .00330%, respectively as compared to .04164% and .00331% respectively at June 30, 2019.

For the year ended June 30, 2021, the County recognized GLI OPEB expense of \$6,275. For the year ended June 30, 2021, the Component Unit School Board professional group recognized GLI OPEB expense of \$22,097. For the year ended June 30, 2021, the Component Unit School Board nonprofessional group recognized GLI OPEB expense of \$2,051. 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.

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COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 13—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)

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

	Primary Government		Component School Board (professional)		Component School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 12,385	\$ 1,734	\$ 46,798	\$ 6,553	\$ 3,564	\$ 498
Net difference between projected and actual earnings on GLI OPEB plan investments	5,800	-	21,917	-	1,669	-
Changes of assumptions	9,656	4,032	36,489	15,235	2,779	1,160
Changes in proportionate share	6,252	7,661	33,042	32,872	255	759
Employer contributions subsequent to the measurement date	12,333	-	47,719	-	3,657	-
Total	\$ 46,426	\$ 13,427	\$ 185,965	\$ 54,660	\$ 11,924	\$ 2,417

\$12,333, \$47,719, and \$3,657, respectively, reported as deferred outflows of resources related to the GLI OPEB resulting from the County, Component Unit School Board professional and nonprofessional group's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

	Primary Government	Component Unit School Board (professional)	Component Unit School Board (nonprofessional)
Year Ended June 30			
2022	\$ 1,820	\$ 5,263	\$ 769
2023	3,458	11,453	1,240
2024	5,448	23,777	1,671
2025	6,840	30,062	1,690
2026	2,719	11,446	438
Thereafter	381	1,585	42

COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 13—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, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

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*

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

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement:

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

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

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

COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 13—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

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

Pre-Retirement:

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

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2021; males set forward 2 years, 110% of rates; females 125% of rates.

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Mortality Rates - Non-Largest Ten Locality Employers - Hazardous Duty Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2021; males set forward 2 years; unisex using 100% male.

COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 13—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, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions because of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

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, 2020, NOL amounts for the GLI Plan is as follows (amounts expressed in thousands):

		GLI OPEB Plan
Total GLI OPEB Liability	\$	3,523,937
Plan Fiduciary Net Position		1,855,102
GLI Net OPEB Liability (Asset)	\$	<u>1,668,835</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		52.64%

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 LUNENBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 13—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:

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.14%

*The above allocation provides a one-year return of 7.14%. However, one-year returns do not consider the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

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 member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2020, the rate contributed by the 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, 2020 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 13—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

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%)
County's proportionate share of the GLI Plan			
Net OPEB Liability	\$ 253,825	\$ 193,085	\$ 143,758
Component School Board (professional)'s proportionate share of the GLI Plan			
Net OPEB Liability	\$ 959,135	\$ 729,615	\$ 543,223
Component School Board (nonprofessional)'s proportionate share of the GLI Plan			
Net OPEB Liability	\$ 73,054	\$ 55,572	\$ 41,375

GLI Plan Fiduciary Net Position

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 14—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.

COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 14—Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Plan Description (Continued)

The specific information for the Teacher HIC 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, 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 Program (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.

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 because 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, 2021 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee HIC Plan. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee HIC Plan were \$106,911 and \$107,988 for the years ended June 30, 2021 and June 30, 2020, respectively.

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

At June 30, 2021, the school division reported a liability of \$1,339,086 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, 2020 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, 2019 and rolled forward to the measurement date of June 30, 2020. 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, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. On June 30, 2020, the school division's proportion of the VRS Teacher Employee HIC was .10270% as compared to .09719% on June 30, 2019.

COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 14—Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

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

For the year ended June 30, 2021, the school division recognized VRS Teacher Employee HIC OPEB expense of \$102,581. Since there was a change in proportionate share between measurement dates a portion of the VRS Teacher Employee HIC Net OPEB expense was related to deferred amounts from changes in proportion.

On June 30, 2021, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee HIC OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 17,883
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	5,934	-
Changes of assumptions	26,472	7,316
Changes in proportionate share	67,651	67,634
Employer contributions subsequent to the measurement date	<u>106,911</u>	<u>-</u>
Total	<u>\$ 206,968</u>	<u>\$ 92,833</u>

\$106,911 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, 2022. 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>	
2022	\$ (7,082)
2023	(6,493)
2024	(6,691)
2025	1,008
2026	12,873
Thereafter	13,609

COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 14—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, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

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

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

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement:

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

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

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

COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 14—Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

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, 2020, NOL amounts for the VRS Teacher Employee HIC Plan is as follows (amounts expressed in thousands):

		Teacher Employee HIC OPEB Plan
Total Teacher Employee HIC OPEB Liability	\$	1,448,676
Plan Fiduciary Net Position		144,160
Teacher Employee Net HIC OPEB Liability (Asset)	\$	1,304,516

Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability	9.95%
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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.

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%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.14%

COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 14—Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Long-Term Expected Rate of Return (Continued)

*The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

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, 2020, 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 rate. From July 1, 2020 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 following 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	\$ 1,498,968	\$ 1,339,086	\$ 1,203,199

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 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 15—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 Program (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 LUNENBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 15—Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Employees Covered by Benefit Terms

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

	Component Unit School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	-
Inactive members:	
Vested inactive members	-
Non-vested inactive members	-
Inactive members active elsewhere in VRS	-
Total inactive members	-
Active members	33
Total covered employees	33

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 School Board's contractually required employer contribution rate for the year ended June 30, 2021 was 0.93% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the School Board to the HIC Plan were \$6,299 and \$0 for the years ended June 30, 2021 and June 30, 2020, respectively.

Net HIC OPEB Liability

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

COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 15—Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Actuarial Assumptions

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

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

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

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

Pre-Retirement:

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

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 15—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:

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.14%

*The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

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, 2020, 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, 2020 on, employers are assumed to continue to contribute 100% of the actuarially determined

COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 15—Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Discount Rate (Continued)

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

	Component School Board (Nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2019	\$ -	\$ -	\$ -
Changes for the year:			
Benefit changes	\$ 90,502	\$ -	\$ 90,502
Net changes	\$ 90,502	\$ -	\$ 90,502
Balances at June 30, 2020	\$ 90,502	\$ -	\$ 90,502

Sensitivity of the County and School Board's HIC Net OPEB Liability (Asset) to Changes in the Discount Rate

The following presents the School Board's HIC Plan net HIC OPEB liability (asset) using the discount rate of 6.75%, as well as what the School Board's net HIC OPEB liability (asset) 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 Nonprofessional Employee HIC OPEB Plan			
Net HIC OPEB Liability	\$ 99,278	\$ 90,502	\$ 82,874

COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 15—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

For the year ended June 30, 2021, the School Board recognized HIC Plan OPEB expense of \$90,502. At June 30, 2021, the School Board reported deferred outflows of resources and deferred inflows of resources related to the County and School Board's HIC Plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Employer contributions subsequent to the measurement date	\$ 6,299	\$ -
Total	<u>\$ 6,299</u>	<u>\$ -</u>

\$6,299 reported as deferred outflows of resources related to the HIC OPEB resulting from the School Board's 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, 2022.

Health Insurance Credit Program Plan Data

Information about the VRS Political Subdivision HIC Plan is available in the separately issued VRS 2020 Annual Comprehensive Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 16—Medical and Dental Pay-As-You-Go (OPEB Plan):

School Board

Plan Description

In addition to the pension benefits described in Note 13, the Component Unit School Board administers a single-employer defined benefit healthcare plan, The Lunenburg County Public Schools Postretirement Benefits Plan. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the School Board's pension plans. The plan does not issue a publicly available financial report.

Benefits Provided

Postemployment benefits that are provided to eligible School Board retirees include medical and dental insurance. The benefits that are provided for active employees are the same for eligible retirees, spouses, and dependents of eligible retirees. All permanent employees of the School Board who meet eligibility requirements of the pension plan are eligible to receive postemployment health care benefits. Retirees and spouses that became eligible for Medicare are no longer eligible to participate in the Mathews County Public School's retiree medical plan. Retirees are responsible for 100% of the premiums.

COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 16—Medical and Dental Pay-As-You-Go (OPEB Plan): (Continued)

School Board: (Continued)

Plan Membership

On June 30, 2021 (measurement date), the following employees were covered by the benefit terms:

	Component Unit School Board
Total active employees with coverage	229
Total active employees without coverage	-
Total retirees with coverage	2
Total retirees without coverage	-
Total	231

Contributions

The School 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 Board for OPEB as the benefits came due during the year ended June 30, 2021 was \$13,338.

Total OPEB Liability

The School Board's total OPEB liability was measured as of June 30, 2021. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total OPEB liability in the June 30, 2021 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	From 3.50% - 5.95% per year depending on years of service
Discount Rate	2.16% as of June 30, 2021; 2.21% as of June 30, 2020
Healthcare Trend Rate	5.8% to 4.00% over 52 years

Mortality rates for the School Board were based on the following actuarial assumptions:

Pre-Commencement: RP-2000 Employee Mortality Tables projected to 2021 using Scale AA with Males set forward 2 years and Females set back 3 years

Post-Commencement: RP-2000 Combined Healthy Mortality tables projected to 2021 using Scale AA with Females set back 1 year

Post-Disablement: RP-2000 Disabled Life mortality tables with Males set back 3 years and no provision for future mortality improvement.

COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 16—Medical and Dental Pay-As-You-Go (OPEB Plan): (Continued)

School Board: (Continued)

Discount Rate

The discount rate used when OPEB plan investments are insufficient to pay for future benefit payments is based on the Bond Buyer General Obligation 20 - Bond Municipal Index as of December 31, 2020.

Changes in Total OPEB Liability

	Component Unit School Board Total OPEB Liability
Balance at June 30, 2020	\$ 1,197,248
Changes for the year:	
Service cost	\$ 34,328
Interest	27,071
Economic/demographic gains or losses	(416,913)
Changes in assumptions	97,990
Benefit payments	(13,338)
Net changes	\$ (270,862)
Balance at June 30, 2021	\$ 926,386

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 (1.16%) or one percentage point higher (3.16%) than the current discount rate:

	Rate		
	1% Decrease (1.16%)	Current Discount Rate (2.16%)	1% Increase (3.16%)
Component Unit School Board:			
Total OPEB liability	\$ 1,001,727	\$ 926,386	\$ 854,481

COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 16—Medical and Dental Pay-As-You-Go (OPEB Plan): (Continued)

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 (4.8% decreasing to 3.00% over 52 years) or one percentage point higher (6.80% decreasing to 5.00% over 52 years) than the current healthcare cost trend rates:

	Rates		
	1% Decrease (4.80% decreasing to 3.00%)	Healthcare Cost Trend (5.80% decreasing to 4.00%)	1% Increase (6.80% decreasing to 5.00%)
Component Unit School Board:			
Total OPEB liability	\$ 811,283	\$ 926,386	\$ 1,062,805

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

For the year ended June 30, 2021, the School Board recognized OPEB expense in the amount of \$53,963. On June 30, 2021, the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Component Unit School Board	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 362,632
Changes in assumptions	236,530	3,177
Total	\$ 236,530	\$ 365,809

COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 16—Medical and Dental Pay-As-You-Go (OPEB Plan): (Continued)**School Board: (Continued)*****OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)***

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

<u>Year Ended June 30</u>	<u>Component Unit School Board</u>
2022	\$ (4,257)
2023	(1,080)
2024	(1,080)
2025	(22,379)
2026	(43,688)
Thereafter	(56,795)

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.

Note 17—Surety Bonds:

The following surety bonds covered constitutional officers and County employees on June 30, 2021:

	<u>Amount</u>
Division of Risk Management Surety Bond:	
Commonwealth Funds	
Gordon F. Erby, Clerk of the Circuit Court	\$ 150,000
Amona Currin, Treasurer	400,000
Liz Y. Hamlett, Commissioner of the Revenue	3,000
Arthur Townsend, Sheriff	30,000
VACo Risk Management Programs:	
James Abernathy, Clerk of the Board	10,000
Kathy Wray, Clerk of Textbook Fund	10,000
Mary B. Leistra, Deputy Clerk of the Board	10,000
Charles M. Berkley, Jr., School Superintendent	10,000
All School Board Employees-blanket bond	2,500
Western Surety Company:	
Dorothy A. Newcomb, Director of Social Services	100,000
VA Risk Pool:	
All Social Services Employees-Blanket Bond	1,000,000

COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 18—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 County maximizes the use of observable inputs and minimizes the use of unobservable inputs. Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels as follows:

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

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

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

Investment type	Balance June 30, 2021	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Primary Government				
Debt Securities:				
Municipal Issues	\$ 201,208	\$ 201,208	\$ -	\$ -
U.S. Agency Securities	1,006,840	1,006,840	-	-
	\$ 1,208,048	\$ 1,208,048	\$ -	\$ -

Note 19-Line of Duty Act (LODA) (OPEB Benefits):

The Line of Duty Act (LODA) provides death and healthcare benefits to certain law enforcement and rescue personnel, and their beneficiaries, who were disabled or killed in the line of duty. Benefit provisions and eligibility requirements are established by title 9.1 Chapter 4 of the Code of Virginia. Funding of LODA benefits is provided by employers in one of two ways: (a) participation in the Line of Duty and Health Benefits Trust Fund (LODA Fund), administered by the Virginia Retirement System (VRS) or (b) self-funding by the employer or through an insurance company.

COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 19-Line of Duty Act (LODA) (OPEB Benefits): (Continued)

The County has elected to provide LODA benefits through an insurance company. The obligation for the payment of benefits has been effectively transferred from the County to VACORP. VACORP assumes all liability for the County's LODA claims that are approved by VRS. The pool purchases reinsurance to protect the pool from extreme claims costs.

The current-year OPEB expense/expenditure for the insured benefits is defined as the amount of premiums or other payments required for the insured benefits for the reporting period in accordance with the agreement with the insurance company for LODA and a change in liability to the insurer equal to the difference between amounts recognized as OPEB expense and amounts paid by the employer to the insurer. The County's LODA coverage is fully covered or "insured" through VACORP. This is built into the LODA coverage cost presented in the annual renewals. The County's LODA premium for the year ended June 30, 2021 was \$23,247.

Note 20—Summary of Other Postemployment Benefit Plans:

Aggregate OPEB Information

	Primary Government				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
VRS OPEB Plans:								
Group Life Insurance Plan (Note 14):								
County	\$ 46,426	\$ 13,427	\$ 193,085	\$ 6,275	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	11,924	2,417	55,572	2,051
School Board Professional	-	-	-	-	185,965	54,660	729,615	22,097
Teacher Health Insurance Credit Plan (Note 15)	-	-	-	-	206,968	92,833	1,339,086	102,581
Nonprofessional Health Insurance Credit Plan (Note 16)	-	-	-	-	6,299	-	90,502	90,502
School Stand-Alone Plan (Note 17)	-	-	-	-	236,530	365,809	926,386	53,963
Totals	<u>\$ 46,426</u>	<u>\$ 13,427</u>	<u>\$ 193,085</u>	<u>\$ 6,275</u>	<u>\$ 647,686</u>	<u>\$ 515,719</u>	<u>\$ 3,141,161</u>	<u>\$ 271,194</u>

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COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 21—Adoption of Accounting Principles:

The County implemented provisions of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities* during the fiscal year ended June 30, 2021. This statement establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how those activities should be reported. The implementation of this Statement resulted in the following restatement of net position:

	Component Unit	Component Unit	Primary Government - Custodial Funds	
	School Board	Special Revenue Fund- School Activity	Special Welfare	Cell Tower Escrow
Net Position/Fund Balance, June 30, 2020, as previously stated	\$ (9,041,744)	\$ 90,456	\$ -	\$ -
Restatement:				
Implementation of GASB 84	268,989	268,989	2,175	32,459
Net Position/Fund Balance, July 1, 2020, as restated	\$ (8,772,755)	\$ 359,445	\$ 2,175	\$ 32,459

Note 22—Upcoming Pronouncements:

Statement No. 87, *Leases*, requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, provides guidance for reporting capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

Statement No. 91, *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

Statement No. 92, *Omnibus 2020*, addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics such as leases, assets related to pension and postemployment benefits, and reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature. The effective dates differ by topic, ranging from January 2020 to periods beginning after June 15, 2021.

Note 22—Upcoming Pronouncements: (Continued)

Statement No. 93, *Replacement of Interbank Offered Rates*, establishes accounting and financial reporting requirements related to the replacement of Interbank Offered Rates (IBORs) in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The requirements of this Statement, except for removal of London Interbank Offered Rate (LIBOR) as an appropriate benchmark interest rate and the requirements related to lease modifications, are effective for reporting periods beginning after June 15, 2020. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All requirements related to lease modifications in this Statement are effective for reporting periods beginning after June 15, 2021.

Statement No. 94, *Public-Private and Public-Public Partnerships and Availability of Payment Arrangements*, addresses issues related to public-private and public-public partnership arrangements. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code (IRC) Section 457 Deferred Compensation Plans - an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*, (1) increases consistency and comparability related to reporting of fiduciary component units in certain circumstances; (2) mitigates costs associated with the reporting of certain plans as fiduciary component units in fiduciary fund financial statements; and (3) enhances the relevance, consistency, and comparability of the accounting and financial reporting for Section 457 plans that meet the definition of a pension plan and for benefits provided through those plans. The effective dates differ based on the requirements of the Statement, ranging from June 2020 to reporting periods beginning after June 15, 2021.

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

Note 23 -COVID-19 Pandemic Funding and Subsequent Events:

The COVID-19 pandemic and its impact on operations continues to evolve. Specific to the County, COVID-19 impacted various parts of its 2021 operations and financial results including, but not limited to, costs for emergency preparedness and shortages of personnel. Federal relief has been received through various programs. Management believes the County is taking appropriate actions to mitigate the negative impact. The extent to which COVID-19 may impact operations in subsequent years remains uncertain, and management is unable to estimate the effects on future results of operations, financial condition, or liquidity for fiscal year 2022.

CARES Act Funding

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was passed by the federal government to alleviate some of the effects of the sharp economic downturn due to the COVID-19 pandemic, which included direct aid for state and local governments from the federal Coronavirus Relief Fund (CRF).

COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 23 -COVID-19 Pandemic Funding and Subsequent Events: (Continued)

CARES Act Funding (Continued)

Each locality received its CRF allocations based on population in two equal payments, with the second and final round of funding being received during fiscal year 2021. The County received total CRF funding of \$2,234,443. In addition, the School Board received CRF funding from the Virginia Department of Education in the amount of \$266,980. As a condition of receiving CRF funds, any funds unexpended as of December 31, 2021 will be returned to the federal government. Unspent CRF funds in the amount of \$648,501 are reported as unearned revenue as of June 30.

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 are to receive funds in two tranches, with 50% provided beginning in May 2021 and the balance delivered approximately 12 months later.

On July 23, 2021, the County received its share of the first half of the CSLFRF funds in the amount of \$1,184,465. 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. No unspent funds 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.

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REQUIRED SUPPLEMENTARY INFORMATION

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County of Lunenburg, Virginia
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	
REVENUES				
General property taxes	\$ 6,212,000	\$ 6,212,000	\$ 6,953,895	\$ 741,895
Other local taxes	834,000	834,000	1,087,072	253,072
Permits, privilege fees, and regulatory licenses	34,000	34,000	50,876	16,876
Fines and forfeitures	27,000	27,000	9,493	(17,507)
Revenue from the use of money and property	76,500	76,500	64,983	(11,517)
Charges for services	329,046	329,046	684,779	355,733
Miscellaneous	25,000	34,860	198,261	163,401
Recovered costs	6,333	6,333	3,489	(2,844)
Intergovernmental:				
Commonwealth	3,942,089	4,099,891	4,467,508	367,617
Federal	1,721,554	3,029,446	2,623,657	(405,789)
Total revenues	<u>\$ 13,207,522</u>	<u>\$ 14,683,076</u>	<u>\$ 16,144,013</u>	<u>\$ 1,460,937</u>
EXPENDITURES				
Current:				
General government administration	\$ 1,367,340	\$ 1,377,200	\$ 1,405,695	\$ (28,495)
Judicial administration	845,218	845,218	814,438	30,780
Public safety	2,441,120	2,693,210	2,696,250	(3,040)
Public works	659,240	659,240	468,282	190,958
Health and welfare	2,689,611	3,897,100	3,660,671	236,429
Education	3,810,700	3,810,700	3,552,674	258,026
Community development	898,799	904,914	892,425	12,489
Capital projects	235,000	322,595	150,706	171,889
Total expenditures	<u>\$ 12,947,028</u>	<u>\$ 14,510,177</u>	<u>\$ 13,641,141</u>	<u>\$ 869,036</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 260,494</u>	<u>\$ 172,899</u>	<u>\$ 2,502,872</u>	<u>\$ 2,329,973</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (1,493,000)	\$ (1,493,000)	\$ (1,351,822)	\$ 141,178
Total other financing sources (uses)	<u>\$ (1,493,000)</u>	<u>\$ (1,493,000)</u>	<u>\$ (1,351,822)</u>	<u>\$ 141,178</u>
Net change in fund balances	\$ (1,232,506)	\$ (1,320,101)	\$ 1,151,050	\$ 2,471,151
Fund balances - beginning	1,232,506	1,320,101	10,893,362	9,573,261
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,044,412</u>	<u>\$ 12,044,412</u>

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County of Lunenburg, Virginia
County Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES				
Revenue from the use of money and property	\$ 7,000	\$ 7,000	\$ 4,968	\$ (2,032)
Charges for services	1,000	1,000	646	(354)
Miscellaneous	3,600	3,600	4,295	695
Intergovernmental:				
Commonwealth	1,034,900	1,034,900	580,325	(454,575)
Federal	-	-	144	144
Total revenues	\$ 1,046,500	\$ 1,046,500	\$ 590,378	\$ (456,122)
EXPENDITURES				
Current:				
Judicial administration	\$ 1,000	\$ 1,000	\$ -	\$ 1,000
Public safety	800	800	3,387	(2,587)
Community development	1,148,000	1,148,000	592,390	555,610
Total expenditures	\$ 1,149,800	\$ 1,149,800	\$ 595,777	\$ 554,023
Excess (deficiency) of revenues over (under) expenditures	\$ (103,300)	\$ (103,300)	\$ (5,399)	\$ 97,901
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 55,000	\$ 55,000	\$ 55,000	\$ -
Total other financing sources (uses)	\$ 55,000	\$ 55,000	\$ 55,000	\$ -
Net change in fund balances	\$ (48,300)	\$ (48,300)	\$ 49,601	\$ 97,901
Fund balances - beginning	48,300	48,300	257,339	209,039
Fund balances - ending	\$ -	\$ -	\$ 306,940	\$ 306,940

County of Lunenburg, Virginia

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios

Primary Government

For the Measurement Dates of June 30, 2014 through June 30, 2020

	2020	2019	2018	2017
Total pension liability				
Service cost	\$ 264,784	\$ 235,665	\$ 233,959	\$ 248,894
Interest	893,972	865,998	863,622	847,873
Differences between expected and actual experience	192,243	150,972	(367,253)	(74,609)
Changes of assumptions	-	342,586	-	(46,162)
Benefit payments	(741,177)	(704,025)	(688,743)	(813,271)
Net change in total pension liability	\$ 609,822	\$ 891,196	\$ 41,585	\$ 162,725
Total pension liability - beginning	13,614,614	12,723,418	12,681,833	12,519,108
Total pension liability - ending (a)	\$ 14,224,436	\$ 13,614,614	\$ 12,723,418	\$ 12,681,833
Plan fiduciary net position				
Contributions - employer	\$ 259,410	\$ 237,526	\$ 268,987	\$ 276,270
Contributions - employee	115,712	106,233	103,367	106,205
Net investment income	221,069	739,071	791,790	1,203,146
Benefit payments	(741,177)	(704,025)	(688,743)	(813,271)
Administrator charges	(7,674)	(7,525)	(6,955)	(7,228)
Other	(259)	(465)	(700)	(1,057)
Net change in plan fiduciary net position	\$ (152,919)	\$ 370,815	\$ 467,746	\$ 764,065
Plan fiduciary net position - beginning	11,650,918	11,280,103	10,812,357	10,048,292
Plan fiduciary net position - ending (b)	\$ 11,497,999	\$ 11,650,918	\$ 11,280,103	\$ 10,812,357
County's net pension liability - ending (a) - (b)	\$ 2,726,437	\$ 1,963,696	\$ 1,443,315	\$ 1,869,476
Plan fiduciary net position as a percentage of the total pension liability	80.83%	85.58%	88.66%	85.26%
Covered payroll	\$ 2,380,671	\$ 2,171,165	\$ 2,114,684	\$ 2,165,063
County's net pension liability as a percentage of covered payroll	114.52%	90.44%	68.25%	86.35%

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.

Exhibit 11

	2016	2015	2014
\$	254,636	\$ 253,424	\$ 260,971
	827,318	796,712	773,018
	(37,291)	81,002	-
	-	-	-
	(688,771)	(699,037)	(691,966)
\$	355,892	\$ 432,101	\$ 342,023
	12,163,216	11,731,115	11,389,092
\$	<u>12,519,108</u>	<u>\$ 12,163,216</u>	<u>\$ 11,731,115</u>
\$	326,381	\$ 328,483	\$ 198,923
	117,177	108,843	101,935
	170,601	449,389	1,385,508
	(688,771)	(699,037)	(691,966)
	(6,342)	(6,324)	(7,725)
	(74)	(96)	73
\$	<u>(81,028)</u>	<u>\$ 181,258</u>	<u>\$ 986,748</u>
	10,129,320	9,948,062	8,961,314
\$	<u>10,048,292</u>	<u>\$ 10,129,320</u>	<u>\$ 9,948,062</u>
\$	2,470,816	\$ 2,033,896	\$ 1,783,053
	80.26%	83.28%	84.80%
\$	2,176,040	\$ 2,138,151	\$ 2,061,828
	113.55%	95.12%	86.48%

County of Lunenburg, Virginia

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
 Component Unit School Board (nonprofessional)
 For the Measurement Dates of June 30, 2014 through June 30, 2020

	2020	2019	2018	2017
Total pension liability				
Service cost	\$ 56,647	\$ 53,116	\$ 55,480	\$ 57,634
Interest	173,897	166,402	162,172	158,497
Differences between expected and actual experience	(32,568)	36,870	(30,275)	19,797
Changes of assumptions	-	70,479	-	(69,565)
Benefit payments	(129,885)	(125,692)	(128,200)	(99,528)
Net change in total pension liability	\$ 68,091	\$ 201,175	\$ 59,177	\$ 66,835
Total pension liability - beginning	2,641,198	2,440,023	2,380,846	2,314,011
Total pension liability - ending (a)	\$ 2,709,289	\$ 2,641,198	\$ 2,440,023	\$ 2,380,846
Plan fiduciary net position				
Contributions - employer	\$ 5,886	\$ 6,087	\$ 9,888	\$ 11,017
Contributions - employee	31,066	29,121	29,353	30,300
Net investment income	55,438	185,892	199,084	300,235
Benefit payments	(129,885)	(125,692)	(128,200)	(99,528)
Administrator charges	(1,932)	(1,892)	(1,759)	(1,756)
Other	(65)	(117)	(176)	(266)
Net change in plan fiduciary net position	\$ (39,492)	\$ 93,399	\$ 108,190	\$ 240,002
Plan fiduciary net position - beginning	2,924,480	2,831,081	2,722,891	2,482,889
Plan fiduciary net position - ending (b)	\$ 2,884,988	\$ 2,924,480	\$ 2,831,081	\$ 2,722,891
School Board's net pension liability (asset) - ending (a) - (b)	\$ (175,699)	\$ (283,282)	\$ (391,058)	\$ (342,045)
Plan fiduciary net position as a percentage of the total pension liability	106.49%	110.73%	116.03%	114.37%
Covered payroll	\$ 685,240	\$ 637,701	\$ 641,120	\$ 647,223
School Board's net pension liability (asset) as a percentage of covered payroll	-25.64%	-44.42%	-61.00%	-52.85%

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.

Exhibit 12

	2016	2015	2014
\$	59,924	\$ 61,333	\$ 66,261
	155,869	152,679	143,318
	(69,531)	(70,799)	-
	-	-	-
	(117,897)	(77,403)	(74,286)
\$	28,365	\$ 65,810	\$ 135,293
	2,285,646	2,219,836	2,084,543
\$	2,314,011	\$ 2,285,646	\$ 2,219,836
\$	39,362	\$ 38,525	\$ 37,671
	31,397	30,884	30,980
	43,532	109,677	326,923
	(117,897)	(77,403)	(74,286)
	(1,566)	(1,488)	(1,750)
	(18)	(24)	18
\$	(5,190)	\$ 100,171	\$ 319,556
	2,488,079	2,387,908	2,068,352
\$	2,482,889	\$ 2,488,079	\$ 2,387,908
\$	(168,878)	\$ (202,433)	\$ (168,072)
	107.30%	108.86%	107.57%
\$	658,317	\$ 631,847	\$ 619,571
	-25.65%	-32.04%	-27.13%

County of Lunenburg, Virginia

Schedule of Employer's Share of Net Pension Liability (Asset) VRS Teacher Retirement Plan

For the Measurement Dates of June 30, 2014 through June 30, 2020

	2020	2019	2018
Employer's Proportion of the Net Pension Liability (Asset)	0.10360%	0.09786%	0.09684%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 15,079,431	\$ 12,878,932	\$ 11,388,000
Employer's Covered Payroll	\$ 8,998,972	\$ 8,151,751	\$ 7,804,042
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	167.57%	157.99%	145.92%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.47%	73.51%	74.81%

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.

Exhibit 13

<hr/>			
2017	2016	2015	2014
<hr/>	<hr/>	<hr/>	<hr/>
0.09711%	0.10796%	0.10488%	0.10549%
\$ 11,943,000	\$ 15,129,000	\$ 13,200,000	\$ 12,748,000
\$ 7,630,185	\$ 8,231,247	\$ 7,797,820	\$ 7,714,430
156.52%	183.80%	169.28%	165.25%
72.92%	68.28%	70.68%	70.88%

County of Lunenburg, Virginia
Schedule of Employer Contributions - Pension Plans
For the Years Ended June 30, 2012 through June 30, 2021

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)
Primary Government					
2021	\$ 294,700	\$ 294,700	\$ -	\$ 2,283,839	12.90%
2020	259,561	259,561	-	2,380,671	10.90%
2019	237,533	237,533	-	2,171,165	10.94%
2018	268,986	268,986	-	2,114,684	12.72%
2017	278,860	278,860	-	2,165,063	12.88%
2016	331,846	331,846	-	2,176,040	15.25%
2015	326,068	326,068	-	2,138,151	15.25%
2014	289,687	202,884	86,803	2,061,828	9.84%
2013	296,460	207,627	88,832	2,110,035	9.84%
2012	200,521	200,521	-	2,128,678	9.42%
Component Unit School Board (nonprofessional)					
2021	\$ 3,596	\$ 3,596	\$ -	\$ 677,275	0.53%
2020	5,850	5,850	-	685,240	0.85%
2019	6,073	6,073	-	637,701	0.95%
2018	9,888	9,888	-	641,120	1.54%
2017	13,527	13,527	-	647,223	2.09%
2016	40,881	40,881	-	658,317	6.21%
2015	39,238	39,238	-	631,847	6.21%
2014	42,317	37,670	4,647	619,571	6.08%
2013	42,522	37,852	4,669	622,570	6.08%
2012	38,607	38,607	-	634,990	6.08%
Component Unit School Board (professional)					
2021	\$ 1,425,309	\$ 1,425,309	\$ -	\$ 8,835,579	16.13%
2020	1,376,948	1,376,948	-	8,998,972	15.30%
2019	1,284,719	1,284,719	-	8,151,751	15.76%
2018	1,220,769	1,220,769	-	7,804,042	15.64%
2017	1,133,557	1,133,557	-	7,630,185	14.86%
2016	1,154,390	1,154,390	-	8,231,247	14.02%
2015	1,107,896	1,107,896	-	7,797,820	14.21%
2014	893,115	893,115	-	7,714,430	11.58%
2013	919,305	919,305	-	7,858,460	11.70%
2012	925,663	925,663	-	8,284,146	11.17%

Contributions are from Virginia Retirement System records.

County of Lunenburg, Virginia
Notes to Required Supplementary Information - Pension Plans
For the Year Ended June 30, 2021

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Component Unit School Board - Professional Employees:

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

County of Lunenburg, Virginia
Schedule of County's Share of Net OPEB Liability
Group Life Insurance (GLI) Plan
For the Measurement Dates of June 30, 2017 through June 30, 2020

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
Primary Government:					
2020	0.01160%	\$ 193,085	\$ 2,380,671	8.11%	52.64%
2019	0.01108%	180,301	2,171,165	8.30%	52.00%
2018	0.01112%	169,000	2,114,684	7.99%	51.22%
2017	0.01174%	176,000	2,165,063	8.13%	48.86%
Component Unit School Board (nonprofessional):					
2020	0.00330%	\$ 55,572	\$ 685,240	8.11%	52.64%
2019	0.00331%	53,863	649,629	8.29%	52.00%
2018	0.00338%	51,000	642,832	7.93%	51.22%
2017	0.00351%	53,000	647,223	8.19%	48.86%
Component Unit School Board (professional):					
2020	0.04370%	\$ 729,615	\$ 8,998,972	8.11%	52.64%
2019	0.04164%	677,593	8,162,286	8.30%	52.00%
2018	0.04104%	624,000	7,804,042	8.00%	51.22%
2017	0.04137%	622,000	7,630,185	8.15%	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.

County of Lunenburg, Virginia
Schedule of Employer Contributions
Group Life Insurance (GLI) Plan
For the Years Ended June 30, 2012 through June 30, 2021

		Contributions in Relation to			Contributions as a % of	
	Contractually Required Contribution	Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Covered Payroll	
Date	(1)	(2)	(3)	(4)	(5)	
Primary Government						
2021	\$ 12,333	\$ 12,333	\$ -	\$ 2,283,839	0.54%	
2020	12,379	12,379	-	2,380,671	0.52%	
2019	11,290	11,290	-	2,171,165	0.52%	
2018	10,996	10,996	-	2,114,684	0.52%	
2017	11,258	11,258	-	2,165,063	0.52%	
2016	10,445	10,445	-	2,176,040	0.48%	
2015	10,278	10,278	-	2,141,224	0.48%	
2014	9,964	9,964	-	2,075,757	0.48%	
2013	10,128	10,128	-	2,110,035	0.48%	
2012	5,960	5,960	-	2,128,678	0.28%	
Component Unit School Board (nonprofessional)						
2021	\$ 3,657	\$ 3,657	\$ -	\$ 677,275	0.54%	
2020	3,563	3,563	-	685,240	0.52%	
2019	3,378	3,378	-	649,629	0.52%	
2018	3,343	3,343	-	642,832	0.52%	
2017	3,366	3,366	-	647,223	0.52%	
2016	3,160	3,160	-	658,317	0.48%	
2015	3,033	3,033	-	631,847	0.48%	
2014	2,974	2,974	-	619,571	0.48%	
2013	2,988	2,988	-	622,570	0.48%	
2012	1,778	1,778	-	634,990	0.28%	
Component Unit School Board (professional)						
2021	\$ 47,719	\$ 47,719	\$ -	\$ 8,836,872	0.54%	
2020	46,795	46,795	-	8,998,972	0.52%	
2019	42,444	42,444	-	8,162,286	0.52%	
2018	40,581	40,581	-	7,804,042	0.52%	
2017	39,677	39,677	-	7,630,185	0.52%	
2016	39,510	39,510	-	8,231,247	0.48%	
2015	37,430	37,430	-	7,797,820	0.48%	
2014	37,029	37,029	-	7,714,430	0.48%	
2013	37,721	37,721	-	7,858,460	0.48%	
2012	23,196	23,196	-	8,284,146	0.28%	

County of Lunenburg, Virginia
Notes to Required Supplementary Information
Group Life Insurance (GLI) Plan
For the Year Ended June 30, 2021

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

Teachers

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

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Non-Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

County of Lunenburg, Virginia
Schedule of 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, 2020

Date	Employer's Proportion of the Net HIC OPEB Liability (Asset)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability
(1)	(2)	(3)	(4)	(5)	(6)
2020	0.10270%	\$ 1,339,086	\$ 8,998,972	14.88%	9.95%
2019	0.09719%	1,272,312	8,151,751	15.61%	8.97%
2018	0.09650%	1,225,000	7,804,042	15.70%	8.08%
2017	0.09668%	1,226,000	7,630,185	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.

County of Lunenburg, Virginia
Schedule of Employer Contributions
Teacher Employee Health Insurance Credit (HIC) Plan
For the Years Ended June 30, 2012 through June 30, 2021

		Contributions in			Contributions
	Contractually	Relation to	Contribution	Employer's	as a % of
	Required	Contractually	Deficiency	Covered	Covered
	Contribution	Required	(Excess)	Payroll	Payroll
Date	(1)	(2)	(3)	(4)	(5)
2021	\$ 106,911	\$ 106,911	\$ -	\$ 8,835,579	1.21%
2020	107,988	107,988	-	8,998,972	1.20%
2019	97,821	97,821	-	8,151,751	1.20%
2018	95,990	95,990	-	7,804,042	1.23%
2017	84,695	84,695	-	7,630,185	1.11%
2016	87,251	87,251	-	8,231,247	1.06%
2015	82,657	82,657	-	7,797,820	1.06%
2014	85,630	85,630	-	7,714,430	1.11%
2013	85,808	85,808	-	7,730,420	1.11%
2012	49,042	49,042	-	8,173,647	0.60%

County of Lunenburg, Virginia
Notes to Required Supplementary Information
Teacher Employee Health Insurance Credit (HIC) Plan
For the Year Ended June 30, 2021

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

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

Schedule of Changes in Net OPEB Liability (Asset) and Related Ratios
Health Insurance Credit (HIC) Plan
Component Unit School Board (Nonprofessional)
For the Measurement Date of June 30, 2020

	<u>2020</u>
Total HIC OPEB Liability	
Changes of benefit terms	\$ 90,502
Net change in total HIC OPEB liability	\$ 90,502
Total HIC OPEB Liability - beginning	-
Total HIC OPEB Liability - ending (a)	<u>\$ 90,502</u>
Plan fiduciary net position	
Net change in plan fiduciary net position	\$ -
Plan fiduciary net position - beginning	-
Plan fiduciary net position - ending (b)	<u>\$ -</u>
School Board's net HIC OPEB liability - ending (a) - (b)	\$ 90,502
Plan fiduciary net position as a percentage of the total HIC OPEB liability	0.00%
Covered payroll	\$ -
School Board's net HIC OPEB liability as a percentage of covered payroll	0.00%

Schedule is intended to show information for 10 years. Information prior to the 2020 valuation is not available. However, additional years will be included as they become available.

County of Lunenburg, Virginia
Schedule of Employer Contributions
Health Insurance Credit (HIC) Plan
For the Year Ended June 30, 2021

			Contributions in			Contributions
		Contractually	Relation to	Contribution	Employer's	as a % of
		Required	Contractually	Deficiency	Covered	Covered
		Contribution	Required	(Excess)	Payroll	Payroll
Date		(1)	(2)	(3)	(4)	(5)
Component Unit School Board (Nonprofessional)						
2021	\$	6,299	\$	6,299	\$	-
					\$	677,275
						0.93%

Contributions are from VRS records.

Schedule is intended to show information for 10 years. 2021 was the initial year for the nonprofessional plan at Lunenburg School Board.

County of Lunenburg, Virginia
Notes to Required Supplementary Information
Health Insurance Credit (HIC) Plan
For the Year Ended June 30, 2021

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

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

County of Lunenburg, Virginia
Schedule of Changes in Total OPEB Liability and Related Ratios
Compenent Unit School Board
For the Years Ended June 30, 2018 through June 30, 2021

	2021	2020	2019	2018
Total OPEB liability				
Service cost	\$ 34,328	\$ 40,475	\$ 33,161	\$ 38,403
Interest	27,071	37,777	33,186	29,742
Changes in assumptions	97,990	93,623	171,569	(28,601)
Economic/Demographic Gains or Losses	(416,913)	-	(5,257)	-
Benefit payments	(13,338)	(26,784)	(20,037)	(22,589)
Net change in total OPEB liability	\$ (270,862)	\$ 145,091	\$ 212,622	\$ 16,955
Total OPEB liability - beginning	1,197,248	1,052,157	839,535	822,580
Total OPEB liability - ending	<u>\$ 926,386</u>	<u>\$ 1,197,248</u>	<u>\$ 1,052,157</u>	<u>\$ 839,535</u>
 Covered payroll	 \$ 9,449,070	 \$ 8,879,040	 \$ 8,879,040	 \$ 8,177,100
 School's total OPEB liability (asset) as a percentage of covered payroll	 9.80%	 13.48%	 11.85%	 10.27%

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

County of Lunenburg, Virginia
Notes to Required Supplementary Information - Component Unit School Board
For the Year Ended June 30, 2021

Valuation Date: 1/1/2021
Measurement Date: 6/30/2021

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	2.16% as of June 30, 2021; 2.21% as of June 30, 2020
Inflation	2.50% per year
Healthcare Trend Rate	The healthcare trend rate assumption starts at 5.80% in 2021 and gradually declines to 4.00% by the year 2073

OTHER SUPPLEMENTARY INFORMATION

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*COMBINING AND INDIVIDUAL FUND FINANCIAL
STATEMENTS AND SCHEDULES*

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County of Lunenburg, Virginia
County Debt Service Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2021

	<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>
REVENUES				
Intergovernmental:				
Federal	\$ 140,000	\$ 140,000	\$ 142,999	\$ 2,999
Total revenues	\$ 140,000	\$ 140,000	\$ 142,999	\$ 2,999
EXPENDITURES				
Debt service:				
Principal retirement	\$ 1,251,973	\$ 3,209,325	\$ 2,989,971	\$ 219,354
Bond issuance costs	-	-	52,461	(52,461)
Interest and other fiscal charges	326,027	326,027	326,027	-
Total expenditures	\$ 1,578,000	\$ 3,535,352	\$ 3,368,459	\$ 166,893
Excess (deficiency) of revenues over (under) expenditures	\$ (1,438,000)	\$ (3,395,352)	\$ (3,225,460)	\$ 169,892
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 1,438,000	\$ 1,438,000	\$ 1,296,822	\$ (141,178)
Premium on general obligation bonds issued	-	-	306,733	306,733
Issuance of general obligation bonds	-	1,957,352	1,550,000	(407,352)
Total other financing sources (uses)	\$ 1,438,000	\$ 3,395,352	\$ 3,153,555	\$ (241,797)
Net change in fund balances	\$ -	\$ -	\$ (71,905)	\$ (71,905)
Fund balances - beginning	-	-	71,905	71,905
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

County of Lunenburg, Virginia
County Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2021

	<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>
EXPENDITURES				
Capital projects	\$ -	\$ -	\$ 6,061	\$ (6,061)
Total expenditures	\$ -	\$ -	\$ 6,061	\$ (6,061)
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ (6,061)	\$ (6,061)
Net change in fund balances	\$ -	\$ -	\$ (6,061)	\$ (6,061)
Fund balances - beginning	-	-	64,761	64,761
Fund balances - ending	\$ -	\$ -	\$ 58,700	\$ 58,700

County of Lunenburg, Virginia
Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2021

	Custodial Funds		
	Special Welfare	Cell Tower Escrow	Total
ASSETS			
Cash and cash equivalents	\$ 1,407	\$ 32,459	\$ 33,866
NET POSITION			
Restricted for individuals	\$ 1,407	\$ -	\$ 1,407
Restricted for others	-	32,459	32,459
Total net position	\$ 1,407	\$ 32,459	\$ 33,866

County of Lunenburg, Virginia
Combining Statement of Changes in Fiduciary Net Position - Fiduciary Funds
For the Year Ended June 30, 2021

	<u>Custodial Funds</u>		
	<u>Special Welfare</u>	<u>Cell Tower Escrow</u>	<u>Total</u>
Additions			
Miscellaneous	\$ <u>535</u>	\$ <u>-</u>	\$ <u>535</u>
Deductions			
Receipient payments	\$ <u>1,303</u>	\$ <u>-</u>	\$ <u>1,303</u>
Net increase (decrease) in fiduciary net position	\$ (768)	\$ -	\$ (768)
Net position - beginning, as restated	\$ <u>2,175</u>	\$ <u>32,459</u>	\$ <u>34,634</u>
Net position - ending	\$ <u><u>1,407</u></u>	\$ <u><u>32,459</u></u>	\$ <u><u>33,866</u></u>

*DISCRETELY PRESENTED COMPONENT UNIT
SCHOOL BOARD*

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County of Lunenburg, Virginia
Combining Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2021

	School Operating <u>Fund</u>	School Special Revenue <u>Fund</u>	School Activity <u>Fund</u>	Total Governmental <u>Funds</u>
ASSETS				
Cash and cash equivalents	\$ 235,413	\$ 228,960	\$ 254,819	\$ 719,192
Due from other governmental units	609,728	19,901	-	629,629
Total assets	<u>\$ 845,141</u>	<u>\$ 248,861</u>	<u>\$ 254,819</u>	<u>\$ 1,348,821</u>
LIABILITIES				
Accounts payable	\$ 235,413	\$ -	\$ -	\$ 235,413
Due to other governmental units	609,728	-	-	609,728
Total liabilities	<u>\$ 845,141</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 845,141</u>
FUND BALANCES				
Assigned	\$ -	\$ 248,861	\$ 254,819	\$ 503,680
Total fund balances	<u>\$ -</u>	<u>\$ 248,861</u>	<u>\$ 254,819</u>	<u>\$ 503,680</u>
Total liabilities and fund balances	<u>\$ 845,141</u>	<u>\$ 248,861</u>	<u>\$ 254,819</u>	<u>\$ 1,348,821</u>

Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:

Total fund balances per above \$ 503,680

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

Capital assets, cost	\$ 14,955,008	
Accumulated depreciation	<u>(8,252,086)</u>	6,702,922

The net pension asset is not an available resource and, therefore, is not reported in the funds. 175,699

Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.

Pension related items	\$ 4,443,202	
OPEB related items	<u>647,686</u>	5,090,888

Long-term liabilities, including net OPEB obligation, are not due and payable in the current period and, therefore, are not reported in the funds.

Net pension liability	\$ (15,079,431)	
Net OPEB liabilities	<u>(3,141,161)</u>	(18,220,592)

Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.

Pension related items	\$ (1,343,657)	
OPEB related items	<u>(515,719)</u>	(1,859,376)

Net position of governmental activities \$ (7,606,779)

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County of Lunenburg, Virginia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2021

	School Operating Fund	School Special Revenue Fund	School Activity Fund	Total Governmental Funds
REVENUES				
Revenue from the use of money and property	\$ -	\$ 205	\$ -	\$ 205
Charges for services	-	13,082	-	13,082
Miscellaneous	112,586	-	79,398	191,984
Intergovernmental:				
Local government	3,552,674	-	-	3,552,674
Commonwealth	13,627,012	132,807	-	13,759,819
Federal	2,239,184	973,102	-	3,212,286
Total revenues	\$ 19,531,456	\$ 1,119,196	\$ 79,398	\$ 20,730,050
EXPENDITURES				
Current:				
Education	\$ 19,521,103	\$ 960,791	\$ 93,568	\$ 20,575,462
Debt service:				
Principal retirement	7,396	-	-	7,396
Interest and other fiscal charges	2,957	-	-	2,957
Total expenditures	\$ 19,531,456	\$ 960,791	\$ 93,568	\$ 20,585,815
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ 158,405	\$ (14,170)	\$ 144,235
Net change in fund balances	\$ -	\$ 158,405	\$ (14,170)	\$ 144,235
Fund balances - beginning, as restated	-	90,456	268,989	359,445
Fund balances - ending	\$ -	\$ 248,861	\$ 254,819	\$ 503,680

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

Net change in fund balances above \$ 144,235

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 capital outlays exceeded depreciation in the current period.

Capital outlay	\$ 1,124,181	
Transfer of joint tenancy assets	671,737	
Depreciation expense	(394,985)	1,400,933

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 issuance costs, 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.

Principal retirement on capital lease 7,396

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.

Pension expense	\$ (293,431)	
OPEB expense	(93,157)	(386,588)

Change in net position of governmental activities \$ 1,165,976

County of Lunenburg, 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, 2021

	School Operating Fund			Variance with Final Budget Positive Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-
Miscellaneous	469,238	469,238	112,586	(356,652)
Intergovernmental:				
Local government	3,810,700	3,810,700	3,552,674	(258,026)
Commonwealth	13,439,928	13,439,928	13,627,012	187,084
Federal	994,172	994,172	2,239,184	1,245,012
Total revenues	\$ 18,714,038	\$ 18,714,038	\$ 19,531,456	\$ 817,418
EXPENDITURES				
Current:				
Education	\$ 18,583,003	\$ 18,583,003	\$ 19,521,103	\$ (938,100)
Debt service:				
Principal retirement	131,035	131,035	7,396	123,639
Interest and other fiscal charges	-	-	2,957	(2,957)
Total expenditures	\$ 18,714,038	\$ 18,714,038	\$ 19,531,456	\$ (817,418)
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

Exhibit 33

School Special Revenue Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ -	\$ -	\$ 205	\$ 205
-	-	13,082	13,082
-	-	-	-
-	-	-	-
-	-	132,807	132,807
967,041	967,041	973,102	6,061
\$ 967,041	\$ 967,041	\$ 1,119,196	\$ 152,155
\$ 967,041	\$ 967,041	\$ 960,791	\$ 6,250
-	-	-	-
-	-	-	-
\$ 967,041	\$ 967,041	\$ 960,791	\$ 6,250
\$ -	\$ -	\$ 158,405	\$ 158,405
\$ -	\$ -	\$ 158,405	\$ 158,405
-	-	90,456	90,456
\$ -	\$ -	\$ 248,861	\$ 248,861

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*DISCRETELY PRESENTED COMPONENT UNIT
INDUSTRIAL DEVELOPMENT AUTHORITY*

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County of Lunenburg, Virginia
Statement of Net Position
Discretely Presented Component Unit - Industrial Development Authority
June 30, 2021

ASSETS

Current assets:

Cash and cash equivalents	\$ 464,287
Inventory	80,000
Total current assets	<u>\$ 544,287</u>
Total assets	<u>\$ 544,287</u>

NET POSITION

Unrestricted	\$ 544,287
Total net position	<u><u>\$ 544,287</u></u>

County of Lunenburg, Virginia
Statement of Revenues, Expenses, and Changes in Net Position
Discretely Presented Component Unit - Industrial Development Authority
For the Year Ended June 30, 2021

OPERATING EXPENSES

Other charges	\$ 1,800
Tax incentives	37,261
Total operating expenses	<u>\$ 39,061</u>
Operating income (loss)	<u>\$ (39,061)</u>

NONOPERATING REVENUES (EXPENSES)

Economic development incentives	\$ 37,261
Interest income	1,111
Total nonoperating revenues (expenses)	<u>\$ 38,372</u>
Change in net position	\$ (689)
Net position - beginning	544,976
Net position - ending	<u><u>\$ 544,287</u></u>

County of Lunenburg, Virginia
Statement of Cash Flows
Discretely Presented Component Unit - Industrial Development Authority
For the Year Ended June 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

Other receipts (payments)	(37,261)
Net cash provided by (used for) operating activities	<u>\$ (37,261)</u>

**CASH FLOWS FROM NONCAPITAL FINANCING
ACTIVITIES**

Economic development incentives	\$ 37,261
Net cash provided by (used for) noncapital financing activities	<u>\$ 37,261</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest income	\$ 1,111
Net cash provided by (used for) investing activities	<u>\$ 1,111</u>

Net increase (decrease) in cash and cash equivalents \$ 1,111

Cash and cash equivalents - beginning 463,176

Cash and cash equivalents - ending \$ 464,287

**Reconciliation of operating income (loss) to net cash
provided (used) by operating activities:**

Operating income (loss)	\$ (39,061)
Adjustments to reconcile operating income to net cash	
(Increase) decrease in prepaid expenses	\$ 1,800
Total adjustments	<u>\$ 1,800</u>

Net cash provided (used) by operating activities \$ (37,261)

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SUPPORTING SCHEDULES

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County of Lunenburg, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

Schedule 1
Page 1 of 7

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 3,427,000	\$ 3,427,000	\$ 3,563,742	\$ 136,742
Real and personal public service corporation taxes	220,000	220,000	284,345	64,345
Personal property taxes	2,083,000	2,083,000	2,478,127	395,127
Mobile home taxes	22,000	22,000	23,413	1,413
Machinery and tools taxes	280,000	280,000	383,319	103,319
Merchant's capital taxes	80,000	80,000	96,107	16,107
Penalties	60,000	60,000	84,821	24,821
Interest	40,000	40,000	40,021	21
Total general property taxes	\$ 6,212,000	\$ 6,212,000	\$ 6,953,895	\$ 741,895
Other local taxes:				
Local sales and use taxes	\$ 370,000	\$ 370,000	\$ 578,283	\$ 208,283
Utility taxes	175,000	175,000	184,805	9,805
Consumption tax	20,000	20,000	23,833	3,833
Motor vehicle licenses	213,000	213,000	212,983	(17)
Taxes on recordation and wills	56,000	56,000	87,168	31,168
Total other local taxes	\$ 834,000	\$ 834,000	\$ 1,087,072	\$ 253,072
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 7,000	\$ 7,000	\$ 5,220	\$ (1,780)
Transfer fees	300	300	515	215
Permits and other licenses	26,700	26,700	45,141	18,441
Total permits, privilege fees, and regulatory licenses	\$ 34,000	\$ 34,000	\$ 50,876	\$ 16,876
Fines and forfeitures:				
Court fines and forfeitures	\$ 27,000	\$ 27,000	\$ 9,493	\$ (17,507)
Total fines and forfeitures	\$ 27,000	\$ 27,000	\$ 9,493	\$ (17,507)
Revenue from use of money and property:				
Revenue from use of money	\$ 45,000	\$ 45,000	\$ 33,250	\$ (11,750)
Revenue from use of property	31,500	31,500	31,733	233
Total revenue from use of money and property	\$ 76,500	\$ 76,500	\$ 64,983	\$ (11,517)
Charges for services:				
Excess fees of clerk	\$ 5,000	\$ 5,000	\$ 10,293	\$ 5,293
Sheriff's fees	646	646	646	-
Courthouse security fees	14,000	14,000	12,089	(1,911)
Landfill fees	305,000	305,000	656,827	351,827
Charges for Commonwealth's Attorney	1,500	1,500	1,152	(348)
Charges for correction and detention	200	200	195	(5)
Document reproduction costs	2,700	2,700	3,577	877
Total charges for services	\$ 329,046	\$ 329,046	\$ 684,779	\$ 355,733

County of Lunenburg, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Miscellaneous:				
Miscellaneous	\$ 25,000	\$ 34,860	\$ 198,261	\$ 163,401
Total miscellaneous	\$ 25,000	\$ 34,860	\$ 198,261	\$ 163,401
Recovered costs:				
Town of Victoria/Town of Kenbridge	\$ 6,333	\$ 6,333	\$ 3,489	\$ (2,844)
Total recovered costs	\$ 6,333	\$ 6,333	\$ 3,489	\$ (2,844)
Total revenue from local sources	\$ 7,543,879	\$ 7,553,739	\$ 9,052,848	\$ 1,499,109
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Communications tax	\$ 150,000	\$ 150,000	\$ 151,932	\$ 1,932
Games of skill tax	-	-	10,704	10,704
Mobile home titling tax	18,000	18,000	21,565	3,565
Rolling stock tax	4,000	4,000	8,539	4,539
Recordation tax	9,000	9,000	-	(9,000)
Personal property tax relief funds	1,048,232	1,048,232	1,048,232	-
Total noncategorical aid	\$ 1,229,232	\$ 1,229,232	\$ 1,240,972	\$ 11,740
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 222,662	\$ 222,662	\$ 220,200	\$ (2,462)
Sheriff	778,794	778,794	750,552	(28,242)
Commissioner of revenue	83,272	83,272	83,674	402
Treasurer	92,777	92,777	92,083	(694)
Registrar/electoral board	37,500	37,500	39,905	2,405
Clerk of the Circuit Court	208,337	208,337	259,794	51,457
Total shared expenses	\$ 1,423,342	\$ 1,423,342	\$ 1,446,208	\$ 22,866
Other categorical aid:				
Public assistance and welfare administration	\$ 400,000	\$ 400,000	\$ 464,461	\$ 64,461
Animal friendly plates	100	100	102	2
Auto rental	-	-	952	952
Community impact	-	6,115	25,000	18,885
DMV ATV tax	300	300	893	593
Children's services act	705,000	705,000	979,493	274,493
School resource officer	-	-	39,424	39,424
Emergency medical services	12,000	12,000	12,445	445
Victim-witness grant	75,115	75,115	17,715	(57,400)
E-911 wireless	40,000	40,000	44,633	4,633
E-911 equipment grant	-	149,687	149,687	-
Selective enforcement grant	18,000	18,000	-	(18,000)

County of Lunenburg, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Other categorical aid: (Continued)				
Litter control	\$ 6,000	\$ 6,000	\$ 7,672	\$ 1,672
Virginia housing	-	2,000	-	(2,000)
Fire programs fund	33,000	33,000	37,851	4,851
Total other categorical aid	<u>\$ 1,289,515</u>	<u>\$ 1,447,317</u>	<u>\$ 1,780,328</u>	<u>\$ 333,011</u>
Total categorical aid	<u>\$ 2,712,857</u>	<u>\$ 2,870,659</u>	<u>\$ 3,226,536</u>	<u>\$ 355,877</u>
Total revenue from the Commonwealth	<u>\$ 3,942,089</u>	<u>\$ 4,099,891</u>	<u>\$ 4,467,508</u>	<u>\$ 367,617</u>
Revenue from the federal government:				
Noncategorical aid:				
CARES ACT	<u>\$ 1,064,054</u>	<u>\$ 2,271,543</u>	<u>\$ 1,577,806</u>	<u>\$ (693,737)</u>
Categorical aid:				
Public assistance and welfare administration	\$ 580,000	\$ 580,000	\$ 684,808	\$ 104,808
Victim witness grant	-	-	50,748	50,748
LEMP grant	7,500	56,692	49,192	(7,500)
FEMA/Homeland Security grants	70,000	94,804	166,863	72,059
Radio system	-	26,407	89,500	63,093
Transportation safety grant	-	-	4,740	4,740
Total categorical aid	<u>\$ 657,500</u>	<u>\$ 757,903</u>	<u>\$ 1,045,851</u>	<u>\$ 287,948</u>
Total revenue from the federal government	<u>\$ 1,721,554</u>	<u>\$ 3,029,446</u>	<u>\$ 2,623,657</u>	<u>\$ (405,789)</u>
Total General Fund	<u><u>\$ 13,207,522</u></u>	<u><u>\$ 14,683,076</u></u>	<u><u>\$ 16,144,013</u></u>	<u><u>\$ 1,460,937</u></u>
Special Revenue Fund:				
County Special Revenue Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 22	\$ 22
Revenue from the use of property	7,000	7,000	4,946	(2,054)
Total revenue from use of money and property	<u>\$ 7,000</u>	<u>\$ 7,000</u>	<u>\$ 4,968</u>	<u>\$ (2,032)</u>
Charges for services:				
Law Library	\$ 1,000	\$ 1,000	\$ 646	\$ (354)
Total charges for services	<u>\$ 1,000</u>	<u>\$ 1,000</u>	<u>\$ 646</u>	<u>\$ (354)</u>
Miscellaneous:				
Miscellaneous	\$ 3,600	\$ 3,600	\$ 4,295	\$ 695
Total miscellaneous	<u>\$ 3,600</u>	<u>\$ 3,600</u>	<u>\$ 4,295</u>	<u>\$ 695</u>
Total revenue from local sources	<u>\$ 11,600</u>	<u>\$ 11,600</u>	<u>\$ 9,909</u>	<u>\$ (1,691)</u>

County of Lunenburg, Virginia
Schedule of Revenues - Budget and Actual
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For the Year Ended June 30, 2021

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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Special Revenue Fund: (Continued)				
County Special Revenue Fund: (Continued)				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Aviation fees	\$ 600,200	\$ 600,200	\$ 7,800	\$ (592,400)
Tobacco funds	434,700	434,700	572,525	137,825
Total categorical aid	<u>\$ 1,034,900</u>	<u>\$ 1,034,900</u>	<u>\$ 580,325</u>	<u>\$ (454,575)</u>
Total revenue from the Commonwealth	<u>\$ 1,034,900</u>	<u>\$ 1,034,900</u>	<u>\$ 580,325</u>	<u>\$ (454,575)</u>
Revenue from the federal government:				
Categorical aid:				
Forfeited assets	\$ -	\$ -	\$ 144	\$ 144
Total categorical aid	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 144</u>	<u>\$ 144</u>
Total revenue from the federal government	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 144</u>	<u>\$ 144</u>
Total County Special Revenue Fund	<u><u>\$ 1,046,500</u></u>	<u><u>\$ 1,046,500</u></u>	<u><u>\$ 590,378</u></u>	<u><u>\$ (456,122)</u></u>
Debt Service Fund:				
County Debt Service Fund:				
Revenue from the federal government:				
Categorical aid:				
QZAB subsidy	\$ 140,000	\$ 140,000	\$ 142,999	\$ 2,999
Total categorical aid	<u>\$ 140,000</u>	<u>\$ 140,000</u>	<u>\$ 142,999</u>	<u>\$ 2,999</u>
Total revenue from the federal government	<u>\$ 140,000</u>	<u>\$ 140,000</u>	<u>\$ 142,999</u>	<u>\$ 2,999</u>
Total County Debt Service Fund	<u><u>\$ 140,000</u></u>	<u><u>\$ 140,000</u></u>	<u><u>\$ 142,999</u></u>	<u><u>\$ 2,999</u></u>
Total Primary Government	<u><u>\$ 14,394,022</u></u>	<u><u>\$ 15,869,576</u></u>	<u><u>\$ 16,877,390</u></u>	<u><u>\$ 1,007,814</u></u>

County of Lunenburg, Virginia
Schedule of Revenues - Budget and Actual
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Miscellaneous:				
Miscellaneous	\$ 469,238	\$ 469,238	\$ 112,586	\$ (356,652)
Total miscellaneous	\$ 469,238	\$ 469,238	\$ 112,586	\$ (356,652)
Total revenue from local sources	\$ 469,238	\$ 469,238	\$ 112,586	\$ (356,652)
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Lunenburg, Virginia	\$ 3,810,700	\$ 3,810,700	\$ 3,552,674	\$ (258,026)
Total revenues from local governments	\$ 3,810,700	\$ 3,810,700	\$ 3,552,674	\$ (258,026)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 1,877,448	\$ 1,877,448	\$ 2,012,008	\$ 134,560
Basic school aid	6,306,143	6,306,143	6,334,789	28,646
Remedial summer education	23,409	23,409	23,515	106
Gifted and talented	58,975	58,975	59,243	268
Remedial education	310,752	310,752	312,164	1,412
Special education	759,868	759,868	763,320	3,452
GED funding	8,349	8,349	8,387	38
Vocational education	449,116	449,116	451,156	2,040
School fringes	1,331,471	1,331,471	1,337,519	6,048
CTE school equipment	8,171	8,171	8,208	37
Early reading intervention	47,387	47,387	47,602	215
Homebound	14,980	14,980	15,048	68
Vocational education - equipment	5,658	5,658	5,684	26
Workplace readiness	349	349	351	2
School security grant	67,670	67,670	67,977	307
At risk payments	658,516	658,516	661,507	2,991
Technology funds	153,304	153,304	154,000	696
Primary class size	364,638	364,638	366,294	1,656
Standards of Learning algebra readiness	37,230	37,230	37,399	169
Mentor teacher program	1,569	1,569	1,576	7
Preschool initiative	231,882	231,882	232,935	1,053
Project graduation	5,029	5,029	5,052	23
English as a second language	95,120	95,120	95,552	432
CTE industry credentials	3,304	3,304	3,319	15
Infrastructure	472,954	472,954	475,102	2,148
Grow your own teacher	7,466	7,466	7,500	34
Learning loss	104,331	104,331	104,805	474
Teacher recruitment	9,955	9,955	10,000	45
Effective discipline	24,887	24,887	25,000	113
Total categorical aid	\$ 13,439,928	\$ 13,439,928	\$ 13,627,012	\$ 187,084
Total revenue from the Commonwealth	\$ 13,439,928	\$ 13,439,928	\$ 13,627,012	\$ 187,084

County of Lunenburg, Virginia
Schedule of Revenues - Budget and Actual
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For the Year Ended June 30, 2021

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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 247,547	\$ 247,547	\$ 557,553	\$ 310,006
Vocational education	18,081	18,081	40,725	22,644
Title V-Rural	11,991	11,991	27,007	15,016
Title IV part A	18,100	18,100	40,767	22,667
Title VIB	193,142	193,142	435,015	241,873
Title III ell	3,633	3,633	8,182	4,549
Preschool special education	8,980	8,980	20,225	11,245
TANF	31,866	31,866	71,773	39,907
CARES act	118,536	118,536	266,980	148,444
ESSER	309,843	309,843	697,862	388,019
Title II, part a-teacher quality	32,453	32,453	73,095	40,642
Total categorical aid	\$ 994,172	\$ 994,172	\$ 2,239,184	\$ 1,245,012
Total revenue from the federal government	\$ 994,172	\$ 994,172	\$ 2,239,184	\$ 1,245,012
Total School Operating Fund	\$ 18,714,038	\$ 18,714,038	\$ 19,531,456	\$ 817,418
School Special Revenue Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 205	\$ 205
Total revenue from use of money and property	\$ -	\$ -	\$ 205	\$ 205
Charges for services:				
Cafeteria sales	\$ -	\$ -	\$ 13,082	\$ 13,082
Total charges for services	\$ -	\$ -	\$ 13,082	\$ 13,082
Total revenue from local sources	\$ -	\$ -	\$ 13,287	\$ 13,287
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ -	\$ -	\$ 10,368	\$ 10,368
Textbook payment	-	-	122,439	122,439
Total categorical aid	\$ -	\$ -	\$ 132,807	\$ 132,807
Total revenue from the Commonwealth	\$ -	\$ -	\$ 132,807	\$ 132,807

County of Lunenburg, Virginia
Schedule of Revenues - Budget and Actual
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Special Revenue Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 967,041	\$ 967,041	\$ 903,120	\$ (63,921)
Commodities	-	-	69,982	69,982
Total categorical aid	\$ 967,041	\$ 967,041	\$ 973,102	\$ 6,061
Total revenue from the federal government	\$ 967,041	\$ 967,041	\$ 973,102	\$ 6,061
Total School Special Revenue Fund	\$ 967,041	\$ 967,041	\$ 1,119,196	\$ 152,155
School Activity Fund:				
Revenue from local sources:				
Miscellaneous:				
Other miscellaneous	\$ -	\$ -	\$ 79,398	\$ 79,398
Total miscellaneous	\$ -	\$ -	\$ 79,398	\$ 79,398
Total School Activity Fund	\$ -	\$ -	\$ 79,398	\$ 79,398
Total Discretely Presented Component Unit - School Board	\$ 19,681,079	\$ 19,681,079	\$ 20,730,050	\$ 1,048,971

County of Lunenburg, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 49,320	\$ 49,320	\$ 46,305	\$ 3,015
General and financial administration:				
County administrator	\$ 249,670	\$ 249,670	\$ 244,887	\$ 4,783
Professional services	110,000	110,000	155,556	(45,556)
Commissioner of revenue	219,480	219,480	216,687	2,793
Treasurer	245,910	245,910	227,791	18,119
CARES act expenditures	153,630	153,630	153,630	-
Other general and financial administration	196,300	196,300	192,752	3,548
Total general and financial administration	\$ 1,174,990	\$ 1,174,990	\$ 1,191,303	\$ (16,313)
Board of elections:				
Electoral board and officials	\$ 54,400	\$ 64,260	\$ 66,686	\$ (2,426)
Registrar	88,630	88,630	101,401	(12,771)
Total board of elections	\$ 143,030	\$ 152,890	\$ 168,087	\$ (15,197)
Total general government administration	\$ 1,367,340	\$ 1,377,200	\$ 1,405,695	\$ (28,495)
Judicial administration:				
Courts:				
Circuit court	\$ 12,400	\$ 12,400	\$ 10,278	\$ 2,122
General district court	5,100	5,100	4,060	1,040
Special Magistrates	1,325	1,325	1,084	241
Juvenile and domestic relations court	93,000	93,000	33,859	59,141
Victim witness	71,115	71,115	68,001	3,114
Courthouse security	21,600	21,600	20,444	1,156
Clerk of the circuit court	302,250	302,250	351,233	(48,983)
Total courts	\$ 506,790	\$ 506,790	\$ 488,959	\$ 17,831
Commonwealth's attorney:				
Commonwealth's attorney	\$ 338,428	\$ 338,428	\$ 325,479	\$ 12,949
Total commonwealth's attorney	\$ 338,428	\$ 338,428	\$ 325,479	\$ 12,949
Total judicial administration	\$ 845,218	\$ 845,218	\$ 814,438	\$ 30,780
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 1,285,900	\$ 1,335,092	\$ 1,212,572	\$ 122,520
Total law enforcement and traffic control	\$ 1,285,900	\$ 1,335,092	\$ 1,212,572	\$ 122,520
Fire and rescue services:				
Fire department	\$ 260,440	\$ 285,244	\$ 365,616	\$ (80,372)
Total fire and rescue services	\$ 260,440	\$ 285,244	\$ 365,616	\$ (80,372)
Correction and detention:				
Payments to Regional Jail	\$ 575,000	\$ 575,000	\$ 560,366	\$ 14,634
Total correction and detention	\$ 575,000	\$ 575,000	\$ 560,366	\$ 14,634

County of Lunenburg, Virginia
Schedule of Expenditures - Budget and Actual
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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Public safety: (Continued)				
Inspections:				
Building	\$ 93,900	\$ 95,900	\$ 94,728	\$ 1,172
Total inspections	\$ 93,900	\$ 95,900	\$ 94,728	\$ 1,172
Other protection:				
Animal control	\$ 98,130	\$ 98,130	\$ 89,941	\$ 8,189
E-911	127,650	303,744	370,927	(67,183)
Medical examiner	100	100	2,100	(2,000)
Total other protection	\$ 225,880	\$ 401,974	\$ 462,968	\$ (60,994)
Total public safety	\$ 2,441,120	\$ 2,693,210	\$ 2,696,250	\$ (3,040)
Public works:				
Sanitation and waste removal:				
Refuse collection	\$ 181,000	\$ 181,000	\$ 217,511	\$ (36,511)
Convenience sites	250,000	250,000	33,298	216,702
Total sanitation and waste removal	\$ 431,000	\$ 431,000	\$ 250,809	\$ 180,191
Maintenance of general buildings and grounds:				
General properties	\$ 228,240	\$ 228,240	\$ 217,473	\$ 10,767
Total maintenance of general buildings and grounds	\$ 228,240	\$ 228,240	\$ 217,473	\$ 10,767
Total public works	\$ 659,240	\$ 659,240	\$ 468,282	\$ 190,958
Health and welfare:				
Health:				
Supplement of local health department	\$ 113,000	\$ 113,000	\$ 94,732	\$ 18,268
Total health	\$ 113,000	\$ 113,000	\$ 94,732	\$ 18,268
Mental health and mental retardation:				
Crossroads Community Services Board	\$ 53,000	\$ 53,000	\$ 53,000	\$ -
Total mental health and mental retardation	\$ 53,000	\$ 53,000	\$ 53,000	\$ -
Welfare:				
Public assistance and welfare administration	\$ 1,155,000	\$ 1,155,000	\$ 1,227,323	\$ (72,323)
CARES Act expenditures	433,611	1,641,100	950,541	690,559
Children's Services Act	935,000	935,000	1,335,075	(400,075)
Total welfare	\$ 2,523,611	\$ 3,731,100	\$ 3,512,939	\$ 218,161
Total health and welfare	\$ 2,689,611	\$ 3,897,100	\$ 3,660,671	\$ 236,429
Education:				
Other instructional costs:				
Contribution to County School Board	\$ 3,810,700	\$ 3,810,700	\$ 3,552,674	\$ 258,026
Total education	\$ 3,810,700	\$ 3,810,700	\$ 3,552,674	\$ 258,026

County of Lunenburg, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Community development:				
Planning and community development:				
Planning and community development	\$ 286,986	\$ 286,986	\$ 289,581	\$ (2,595)
Economic development	59,000	65,115	47,309	17,806
CARES act expenditures	476,813	476,813	476,813	-
Contribution to IDA - tax incentives	28,000	28,000	37,261	(9,261)
Total planning and community development	<u>\$ 850,799</u>	<u>\$ 856,914</u>	<u>\$ 850,964</u>	<u>\$ 5,950</u>
Cooperative extension program:				
Extension office	\$ 48,000	\$ 48,000	\$ 41,461	\$ 6,539
Total cooperative extension program	<u>\$ 48,000</u>	<u>\$ 48,000</u>	<u>\$ 41,461</u>	<u>\$ 6,539</u>
Total community development	<u>\$ 898,799</u>	<u>\$ 904,914</u>	<u>\$ 892,425</u>	<u>\$ 12,489</u>
Capital projects:				
Capital improvements	\$ 235,000	\$ 322,595	\$ 150,706	\$ 171,889
Total capital projects	<u>\$ 235,000</u>	<u>\$ 322,595</u>	<u>\$ 150,706</u>	<u>\$ 171,889</u>
Total General Fund	<u>\$ 12,947,028</u>	<u>\$ 14,510,177</u>	<u>\$ 13,641,141</u>	<u>\$ 869,036</u>
Special Revenue Fund:				
County Special Revenue Fund:				
Judicial Administration:				
Courts:				
Law Library	\$ 1,000	\$ 1,000	\$ -	\$ 1,000
Total courts	<u>\$ 1,000</u>	<u>\$ 1,000</u>	<u>\$ -</u>	<u>\$ 1,000</u>
Total judicial administration	<u>\$ 1,000</u>	<u>\$ 1,000</u>	<u>\$ -</u>	<u>\$ 1,000</u>
Public Safety:				
Sheriff:				
Project lifesaver	\$ 800	\$ 800	\$ -	\$ 800
Asset forfeiture	-	-	3,387	(3,387)
Total Sheriff	<u>\$ 800</u>	<u>\$ 800</u>	<u>\$ 3,387</u>	<u>\$ (2,587)</u>
Total public safety	<u>\$ 800</u>	<u>\$ 800</u>	<u>\$ 3,387</u>	<u>\$ (2,587)</u>
Community Development:				
Airport	\$ 665,000	\$ 665,000	\$ 24,398	\$ 640,602
Broadband	458,000	458,000	149,170	308,830
Industrial road	25,000	25,000	416,422	(391,422)
Economic development	-	-	2,400	(2,400)
Total community development	<u>\$ 1,148,000</u>	<u>\$ 1,148,000</u>	<u>\$ 592,390</u>	<u>\$ 555,610</u>
Total County Special Revenue Fund	<u>\$ 1,149,800</u>	<u>\$ 1,149,800</u>	<u>\$ 595,777</u>	<u>\$ 554,023</u>

County of Lunenburg, Virginia
Schedule of Expenditures - Budget and Actual
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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
County Debt Service Fund:				
Debt service:				
Principal retirement	\$ 1,251,973	\$ 3,209,325	\$ 2,989,971	\$ 219,354
Bond issuance costs	-	-	52,461	(52,461)
Interest and other fiscal charges	326,027	326,027	326,027	-
Total debt service	\$ 1,578,000	\$ 3,535,352	\$ 3,368,459	\$ 166,893
Total County Debt Service Fund	\$ 1,578,000	\$ 3,535,352	\$ 3,368,459	\$ 166,893
Capital Projects Fund:				
County Capital Projects Fund:				
Capital projects expenditures:				
School capital projects	\$ -	\$ -	\$ 6,061	\$ (6,061)
Total capital projects	\$ -	\$ -	\$ 6,061	\$ (6,061)
Total County Capital Projects Fund	\$ -	\$ -	\$ 6,061	\$ (6,061)
Total Primary Government	\$ 15,674,828	\$ 19,195,329	\$ 17,611,438	\$ 1,583,891
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Education:				
Instruction	\$ 14,525,241	\$ 14,525,241	\$ 14,540,112	\$ (14,871)
Administration, health, and attendance	834,573	834,573	949,771	(115,198)
Pupil transportation	1,497,759	1,497,759	1,810,489	(312,730)
Operation and maintenance of school plant	1,725,430	1,725,430	2,220,731	(495,301)
Total education	\$ 18,583,003	\$ 18,583,003	\$ 19,521,103	\$ (938,100)
Debt service:				
Principal retirement	\$ 131,035	\$ 131,035	\$ 7,396	\$ 123,639
Interest and other fiscal charges	-	-	2,957	(2,957)
Total debt service	\$ 131,035	\$ 131,035	\$ 10,353	\$ 120,682
Total School Operating Fund	\$ 18,714,038	\$ 18,714,038	\$ 19,531,456	\$ (817,418)
School Special Revenue Fund:				
Education:				
Administration of school food program	\$ 967,041	\$ 897,059	\$ 890,809	\$ 6,250
Commodities	-	69,982	69,982	-
Total education	\$ 967,041	\$ 967,041	\$ 960,791	\$ 6,250
Total School Special Revenue Fund	\$ 967,041	\$ 967,041	\$ 960,791	\$ 6,250
School Activity Fund:				
Education:				
Elementary and secondary schools	\$ -	\$ -	\$ 93,568	\$ (93,568)
Total education	\$ -	\$ -	\$ 93,568	\$ (93,568)
Total School Activity Fund	\$ -	\$ -	\$ 93,568	\$ (93,568)
Total Discretely Presented Component Unit - School Board	\$ 19,681,079	\$ 19,681,079	\$ 20,585,815	\$ (904,736)

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OTHER STATISTICAL INFORMATION

County of Lunenburg, Virginia
Government-Wide Expenses by Function
Last Ten Fiscal Years

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare
2012	\$ 1,202,736	\$ 842,594	\$ 1,855,943	\$ 1,490,600	\$ 2,530,373
2013	938,136	852,876	2,167,835	727,699	2,740,797
2014	945,210	882,734	2,459,725	453,493	2,228,259
2015	997,642	870,344	2,580,814	297,905	2,130,408
2016	1,050,276	875,310	2,337,300	398,893	2,334,804
2017	1,063,344	932,939	2,290,208	418,352	2,447,789
2018	2,156,747	962,327	2,228,083	502,266	2,301,659
2019	1,076,899	948,303	2,411,413	426,234	2,319,268
2020	1,232,908	1,060,553	2,271,937	591,624	2,562,332
2021	1,506,045	1,102,671	2,867,748	512,211	3,728,150

Table 1

Education	Parks, Recreation, and Cultural	Community Development	Interest on Long- Term Debt	Total
\$ 3,853,703	\$ -	\$ 833,964	\$ 808,152	\$ 13,418,065
3,791,866	-	571,048	626,724	12,416,981
3,353,114	3,074	1,083,840	567,880	11,977,329
3,242,837	-	984,558	529,083	11,633,591
3,807,852	-	614,157	505,103	11,923,695
4,012,355	-	517,514	419,389	12,101,890
3,941,309	-	483,415	407,364	12,983,170
4,638,256	-	444,798	378,674	12,643,845
4,401,518	-	403,166	349,873	12,873,911
4,005,259	-	1,342,493	368,463	15,433,040

County of Lunenburg, Virginia
Government-Wide Revenues
Last Ten Fiscal Years

PROGRAM REVENUES			
Fiscal Year	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
2012	\$ 221,790	\$ 4,638,023	\$ -
2013	176,037	3,824,968	150,000
2014	327,273	3,389,093	265,875
2015	317,265	3,404,694	556,961
2016	336,993	3,504,970	161,250
2017	324,967	3,503,832	418,367
2018	307,852	3,661,994	149,463
2019	396,717	3,939,207	240,775
2020	461,715	4,042,459	68,883
2021	745,794	5,595,086	978,575

Table 2

GENERAL REVENUES					
General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs	Total
\$ 8,451,150	\$ 781,842	\$ 81,293	\$ 69,459	\$ 1,281,254	\$ 15,524,811
5,253,842	870,733	95,930	63,385	1,300,097	11,734,992
5,438,422	891,323	78,350	316,297	1,296,880	12,003,513
5,917,386	913,402	97,278	253,918	1,288,699	12,749,603
5,707,134	889,055	77,496	229,326	1,292,264	12,198,488
5,905,263	920,475	73,420	837,687	1,281,236	13,265,247
6,439,308	972,692	688,340	84,637	1,287,127	13,591,413
6,612,170	955,967	102,420	93,241	1,261,796	13,602,293
6,538,921	1,035,657	100,749	209,547	1,259,543	13,717,474
6,898,034	1,087,072	69,951	202,556	1,240,972	16,818,040

County of Lunenburg, Virginia
General Governmental Expenditures by Function (1,3)
Last Ten Fiscal Years

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare
2012	\$ 1,345,432	\$ 607,878	\$ 1,782,118	\$ 1,021,773	\$ 2,518,865
2013	874,407	608,687	2,140,351	669,769	2,678,632
2014	925,521	638,264	2,302,880	353,786	2,217,030
2015	964,773	663,222	2,467,807	800,555	2,129,955
2016	946,751	666,682	2,200,354	368,027	2,334,705
2017	1,068,627	712,532	2,157,440	360,273	2,448,474
2018	1,235,277	752,221	1,993,502	375,851	2,270,648
2019	1,142,067	767,122	2,290,405	415,632	2,388,743
2020	1,162,040	814,230	2,111,555	554,063	2,527,219
2021	1,405,695	814,438	2,699,637	468,282	3,660,671

(1) Includes General, Special Revenue, and Debt Service funds of the Primary Government and its Discretely Presented Component Unit - School Board.

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

(3) Excludes Capital Projects.

Table 3

Education (2)	Parks, Recreation, and Cultural	Community Development	Non- departmental	Debt Service	Total
\$ 16,977,828	\$ -	\$ 1,699,913	\$ -	\$ 7,360,005	\$ 33,313,812
16,047,752	-	608,583	-	1,951,091	25,579,272
15,623,242	-	1,004,149	-	1,611,422	24,676,294
16,179,524	-	980,262	80,383	1,522,206	25,788,687
16,629,670	-	543,693	83,178	1,507,380	25,280,440
16,536,158	-	557,471	-	7,474,387	31,315,362
16,498,640	-	407,147	-	1,493,771	25,027,057
18,076,180	-	441,932	-	1,590,076	27,112,157
18,318,508	-	397,417	-	1,588,901	27,473,933
20,575,462	-	1,484,815	-	3,378,812	34,487,812

County of Lunenburg, Virginia
General Governmental Revenues by Source (1,3)
Last Ten Fiscal Years

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property
2012	\$ 8,206,738	\$ 781,842	\$ 25,682	\$ 35,644	\$ 77,669
2013	5,459,029	870,733	33,417	28,770	93,394
2014	5,529,434	891,323	41,096	22,864	78,475
2015	5,802,033	913,402	36,178	36,073	97,949
2016	5,817,193	889,055	38,829	35,890	78,041
2017	5,866,563	920,475	33,376	23,544	73,734
2018	6,423,501	972,692	43,207	31,517	688,340
2019	6,522,172	955,967	35,763	30,127	102,861
2020	6,636,936	1,035,657	42,755	34,353	101,142
2021	6,953,895	1,087,072	50,876	9,493	70,156

(1) Includes General, Special Revenue, and Debt Service funds of the Primary Government and its Discretely Presented Component Unit - School Board.

(2) Excludes contribution from Primary Government to Discretely Presented Component Unit - School Board and contribution from the Discretely Presented Component Unit - School Board to the Primary Government.

(3) Excludes Capital Projects.

Table 4

	Charges for Services	Miscellaneous	Recovered Costs	Inter- governmental (2)	Total
\$	653,868	\$ 69,459	\$ 41,436	\$ 19,627,967	\$ 29,520,305
	504,883	63,385	-	17,662,296	24,715,907
	704,152	254,453	15,033	17,238,892	24,775,722
	604,650	187,943	1,013	18,338,146	26,017,387
	720,215	159,003	25,422	17,816,366	25,580,014
	600,100	67,446	10,938	18,786,580	26,382,756
	233,128	84,637	13,234	18,245,322	26,735,578
	648,692	98,526	14,334	18,856,576	27,265,018
	463,323	344,783	6,334	19,480,425	28,145,708
	698,507	394,540	3,489	24,786,738	34,054,766

Table 5

County of Lunenburg, Virginia
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy (1,3)	Current Tax Collections (1,3)	Percent of Levy Collected	Delinquent Tax Collections (1)		Total Tax Collections	Percent of Total Tax Collections to Tax Levy		Outstanding Delinquent Taxes (1,2)		Percent of Delinquent Taxes to Tax Levy	
				Tax			to Tax Levy		Taxes (1,2)		Taxes to Tax Levy	
2012	\$ 9,659,019	\$ 8,782,078	90.92%	\$ 334,995	\$	9,117,073	94.39%	\$	815,009		8.44%	
2013	6,438,614	6,180,897	96.00%	192,453		6,373,350	98.99%		635,351		9.87%	
2014	6,607,245	6,303,703	95.41%	148,079		6,451,782	97.65%		581,286		8.80%	
2015	6,890,327	6,547,438	95.02%	208,886		6,756,324	98.06%		780,075		11.32%	
2016	6,893,418	6,591,800	95.62%	160,893		6,752,693	97.96%		707,642		10.27%	
2017	7,163,096	6,647,523	92.80%	155,534		6,803,057	94.97%		709,773		9.91%	
2018	7,366,833	7,244,020	98.33%	123,350		7,367,370	100.01%		810,547		11.00%	
2019	7,870,661	7,310,686	92.89%	132,873		7,443,559	94.57%		988,086		12.55%	
2020	7,518,750	7,426,653	98.78%	142,198		7,568,851	100.67%		1,001,447		13.32%	
2021	8,253,060	7,635,233	92.51%	242,052		7,877,285	95.45%		1,096,493		13.29%	

(1) Exclusive of penalties and interest.

(2) Includes three most current delinquent tax years and first half of current tax year beginning in 2013.

(3) Includes Personal Property Tax Relief

Table 6

County of Lunenburg, Virginia
Assessed Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Estate (1)	Personal Property and Mobile Homes	Machinery and Tools	Merchant's Capital	Public Utility (2)		
					Real Estate	Personal Property	Total
2012	\$ 843,252,361	\$ 91,125,404	\$ 14,272,974	\$ 5,751,715	\$ 40,076,714	\$ -	\$ 994,479,168
2013	846,178,987	82,009,152	14,174,109	5,896,290	40,076,714	-	988,335,252
2014	854,073,900	84,582,007	15,757,159	6,553,264	44,843,992	-	1,005,810,322
2015	857,786,218	78,887,981	15,898,061	6,879,896	46,363,952	-	1,005,816,108
2016	861,620,018	89,727,790	17,533,857	6,278,956	51,634,069	-	1,026,794,690
2017	867,269,213	93,655,515	18,147,479	7,065,135	64,693,176	-	1,050,830,518
2018	923,664,589	94,411,146	18,608,383	7,349,197	66,483,626	-	1,110,516,941
2019	926,276,345	95,192,444	18,453,932	7,481,209	76,190,981	-	1,123,594,911
2020	935,399,374	94,305,337	13,984,362	6,724,995	74,737,487	-	1,125,151,555
2021	940,857,213	110,037,719	19,603,747	8,241,430	74,805,404	-	1,153,545,513

(1) Real estate is assessed at 100% of fair market value.

(2) Assessed values are established by the State Corporation Commission.

Table 7

County of Lunenburg, Virginia
Property Tax Rates (1)
Last Ten Fiscal Years

Fiscal Year	Real Estate	Personal Property	Machinery and Tools	Merchant's Capital
2012	\$ 0.33	\$ 3.60	\$ 1.80	\$ 1.20
2013	0.38	3.60	1.80	1.20
2014	0.38	3.60	1.80	1.20
2015	0.38	3.60	1.80	1.20
2016	0.38	3.60	1.80	1.20
2017	0.38	3.60	1.80	1.20
2018	0.38	3.60	1.80	1.20
2019	0.38	3.80	1.80	1.20
2020	0.38	3.80	1.80	1.20
2021	0.38	3.80	1.80	1.20

(1) Per \$100 of assessed value.

Table 8

County of Lunenburg, Virginia
Ratio of Net General Obligation 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)	Net Bonded Debt	Ratio of		Net Bonded Debt per Capita
					Net Bonded	Debt to Assessed Value	
2012	12,914	\$ 994,479,168	\$ 11,038,870	\$ 11,038,870	1.11%	\$	855
2013	12,914	988,335,252	10,103,692	10,103,692	1.02%		782
2014	12,914	1,005,810,322	9,578,984	9,578,984	0.95%		742
2015	12,914	1,005,816,108	9,039,495	9,039,495	0.90%		700
2016	12,914	1,026,794,690	8,479,327	8,479,327	0.83%		657
2017	12,914	1,050,830,518	8,125,025	8,125,025	0.77%		629
2018	12,914	1,110,516,941	7,497,016	7,497,016	0.68%		581
2019	12,914	1,123,594,911	6,758,107	6,758,107	0.60%		523
2020	12,914	1,125,151,555	5,999,885	5,999,885	0.53%		465
2021	12,266	1,153,545,513	5,025,914	5,025,914	0.44%		410

(1) Weldon Cooper Center for Public Service 2010 Census and 2020 estimate.

(2) From Table 6.

(3) Includes all long-term general obligation bonded debt, bonded anticipation notes, and literary fund loans. Excludes related premiums on bonds, revenue bonds, landfill closure/post-closure care liability, leases, and compensated absences.

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COMPLIANCE

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ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

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

**To the Honorable Members of the Board of Supervisors
County of Lunenburg
Lunenburg, 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 discretely presented component units, each major fund, and the aggregate remaining fund information of County of Lunenburg Virginia, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the County of Lunenburg, Virginia's basic financial statements, and have issued our report thereon dated November 24, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered County of Lunenburg 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 Lunenburg, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of County of Lunenburg, Virginia's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink, appearing to read "D. Frick", followed by a horizontal line.

Richmond, Virginia
November 24, 2021



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

**Independent Auditors' Report on Compliance for Each Major Program and on
Internal Control over Compliance Required by the Uniform Guidance**

**To the Honorable Members of the Board of Supervisors
County of Lunenburg
Lunenburg, Virginia**

Report on Compliance for Each Major Federal Program

We have audited County of Lunenburg, Virginia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of County of Lunenburg, Virginia's major federal programs for the year ended June 30, 2021. County of Lunenburg, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations and terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of County of Lunenburg, Virginia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Title 2 U. S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about County of Lunenburg, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of County of Lunenburg, Virginia's compliance.

Opinion on Each Major Federal Program

In our opinion, County of Lunenburg, 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, 2021.

Report on Internal Control over Compliance

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

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

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

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

A handwritten signature in black ink, appearing to read "D. Frick", followed by a long horizontal line.

Richmond, Virginia
November 24, 2021

County of Lunenburg, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Expenditures Passed Through to Subrecipients
Department of Health and Human Services:				
Pass Through Payments:				
Department of Education:				
Temporary Assistance for Needy Families	93.558	Not available	\$ 71,773	\$ -
Department of Social Services:				
Temporary Assistance for Needy Families	93.558	0400120/0400121	85,729	-
Total FALN# 93.558			\$ 157,502	\$ -
MaryLee Allen Promoting Safe and Stable Families Program	93.556	0950120/0950121	\$ 875	\$ -
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	0500120/0500121	206	-
Low Income Home Energy Assistance	93.568	0600420/0600421	14,095	-
Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CCDF Cluster)	93.596	0760120/0760121	18,092	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900120/0900121	42	-
Foster Care - Title IV-E	93.658	11001120/1100121	109,274	-
Adoption Assistance	93.659	1120120/1120121	134,582	-
Social Services Block Grant	93.667	1000120/1000121	78,301	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150120/9150121	931	-
Children's Health Insurance Program	93.767	0540120/0540121	1,225	-
Medical Assistance Program (Medicaid Cluster)	93.778	1200120/1200121	103,883	-
Total Department of Health and Human Services			\$ 619,008	\$ -
Department of Homeland Security:				
Pass Through Payments:				
Department of Emergency Services:				
Emergency Management Performance Grants	97.042	77501-52743	\$ 24,804	\$ -
Homeland Security Grant Program	97.067	77501-983132	231,559	-
Total Department of Homeland Security			\$ 256,363	\$ -
Department of Agriculture:				
Pass Through Payments:				
Department of Education:				
COVID-19 Summer Food Service Program for Children (Child Nutrition Cluster)	10.559	unavailable	\$ 21,068	\$ -
Department of Agriculture:				
Food Distribution (Child Nutrition Cluster)	10.555	unavailable	\$ 69,982	\$ -
Department of Education:				
National School Lunch Program (Child Nutrition Cluster)	10.555	17901-40623	401,095	-
COVID-19 National School Lunch Program (Child Nutrition Cluster)	10.555	17901-40624	85,854	-
Total FALN# 10.555			\$ 556,931	\$ -
Department of Education:				
School Breakfast Program (Child Nutrition Cluster)	10.553	17901-40591	\$ 239,028	\$ -
COVID-19 School Breakfast Program (Child Nutrition Cluster)	10.553	17901-40591	53,822	-
Total FALN# 10.553			\$ 292,850	\$ -
Total Child Nutrition Cluster			\$ 870,849	\$ -
Pass Through Payments:				
Department of Social Services:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP Cluster)	10.561	0010120/0010121	\$ 137,572	\$ -
Total Department of Agriculture			\$ 1,008,421	\$ -

County of Lunenburg, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Expenditures Passed Through to Subrecipients
Department of the Treasury:				
Direct payment:				
Department of Accounts:				
Asset Forfeiture	21.000	unavailable	\$ 144	\$ -
Pass Through payments:				
COVID-19 Coronavirus Relief Funds - Fast Track Broadband	21.019	10110-728021	76,500	-
COVID-19 Coronavirus Relief Funds - Municipal Utility Relief	21.019	10110-728021	14,521	14,521
COVID-19 Coronavirus Relief Funds - Schools	21.019	10110-728021	266,980	-
COVID-19 Coronavirus Relief Funds	21.019	10110-728021	1,475,781	-
Total FALN# 21.019			<u>\$ 1,833,782</u>	<u>\$ 14,521</u>
Total Department of Treasury			<u>\$ 1,833,926</u>	<u>\$ 14,521</u>
Department of Justice:				
Pass Through Payments:				
Department of Criminal Justice Service:				
Crime Victim Assistance	16.575	39001-76000	\$ 50,748	\$ -
COVID-19 - Coronavirus Emergency Supplemental Funding Program	16.034	unavailable	49,192	-
Total Department of Justice			<u>\$ 99,940</u>	<u>\$ -</u>
Department of Transportation:				
Pass Through Payments:				
Department of Motor Vehicles:				
State and Community Highway Safety (Highway Safety Cluster)	20.600	60507-53000	\$ 4,740	\$ -
Total Department of Transportation			<u>\$ 4,740</u>	<u>\$ -</u>
U.S Election Assistance Commission:				
Pass Through Payments:				
State Board of Elections:				
COVID-19 HAVA Election Security Grants	90.404	unavailable	\$ 14,182	\$ -
Total U.S Election Assistance Commission			<u>\$ 14,182</u>	<u>\$ -</u>
Department of Education:				
Pass Through Payments:				
Department of Education:				
Title I Grants to Local Educational Agencies	84.010	17901-42901	\$ 557,552	\$ -
Special Education Grants to States (Special Education Cluster)	84.027	17901-43071	435,015	-
Special Education Preschool Grants (Special Education Cluster)	84.173	17901-62521	20,226	-
Total Special Education Cluster			<u>\$ 455,241</u>	<u>\$ -</u>
Career and Technical Education - Basic Grants to States	84.048	17901-61095/61159	40,725	-
Supporting Effective Instruction State Grants	84.367	17901-61480	73,095	-
Rural Education	84.358	17901-43481	27,007	-
English Language Acquisition Grants	84.365	17901-60509	8,182	-
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425D	Not available	564,570	-
COVID-19 Governor's Emergency Education Relief Fund	84.425C	Not available	235,545	-
Total FALN# 84.425			<u>\$ 800,115</u>	<u>\$ -</u>
Student Support and Academic Enrichment Program	84.424	S424A180048	40,767	-
Total Department of Education			<u>\$ 2,002,684</u>	<u>\$ -</u>
Total Expenditures of Federal Awards			<u>\$ 5,839,264</u>	<u>\$ 14,521</u>

See accompanying notes to schedule of expenditures of federal awards.

County of Lunenburg, Virginia

Notes to Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2021

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the County of Lunenburg, Virginia under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform 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 Lunenburg, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County of Lunenburg, 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.

Note 3 - Food Donation

The value of federal awards expended in the form of noncash assistance for food commodities is reported in the schedule.

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	\$ 2,623,657
Special Revenue Funds	144
County Debt Service Fund	142,999
Total primary government	\$ <u>2,766,800</u>

Component Unit School Board:

School Operating Fund	\$ 2,239,184
School Operating Fund - interest earned on CARES funds	3,177
School Special Revenue Fund	973,102
Total component unit school board	\$ <u>3,215,463</u>

Total federal expenditures per basic financial statements \$ 5,982,263

BAB's subsidy \$ (142,999)

Total federal expenditures per the Schedule of Expenditures of
Federal Awards \$ 5,839,264

Note 5 - Subrecipients

\$14,521 of federal awards were passed through to subrecipients.

Note 6 - De Minimis Cost Rate

The County did not elect to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

Note 7 - Loan Balances

The County has no loans or loan guarantees which are subject to reporting requirements for the current year.

County of Lunenburg, Virginia
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

Section I-Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ yes ☒ no

Significant deficiency(ies) identified? _____ yes ☒ none reported

Noncompliance material to financial statements noted? _____ yes ☒ no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ yes ☒ no

Significant deficiency(ies) identified? _____ yes ☒ none reported

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

Any audit findings disclosed that are required to be
reported in accordance with section 2 CFR
section 200.516(a)? _____ yes ☒ no

Identification of major programs:

Assistance Listing Number(s)

10.553/10.555/10.559
21.019
84.425

Name of Federal Program or Cluster

Child Nutrition Cluster
Coronavirus Relief Fund
Education Stabilization Fund

Dollar threshold used to distinguish between type A
and type B programs:

\$750,000

Auditee qualified as low-risk auditee? ☒ yes _____ no

County of Lunenburg, Virginia
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2021

Section II-Financial Statement Findings

None

Section III-Federal Award Findings and Questioned Costs

None

Section IV-Status of Prior Audit Findings

There were no prior year audit findings.

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