



Financial Report

Year Ended June 30, 2020

County of Cumberland, Virginia
Financial Report
For the Year Ended June 30, 2020

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County of Cumberland, Virginia

**Financial Report
For the Year Ended June 30, 2020**

BOARD OF SUPERVISORS

Brian Stanley, Chair
Eurika Tyree, Vice-Chair
Ronald Tavernier
Gene Brooks
Robert Saunders, Jr.

COUNTY SCHOOL BOARD

Ginger Sanderson, Chair

George Lee Dowdy
Latesha Anderson

Dr. Christine Ross
Leigh McCrea

OTHER OFFICIALS

Chief Circuit Court Judge
Judge of the Circuit Court
Judge of the Circuit Court
Judge of the Circuit Court
Clerk of the Circuit Court
Judge of the General District Court
Judge of the Juvenile Domestic Relations Court
Commonwealth's Attorney
Commissioner of the Revenue
Treasurer
Sheriff
Superintendent of Schools
Director of Social Services
County Administrator

Kimberly S. White
Donald C. Blessing
J. William Watson
S. Anderson Nelson
Deidre Martin
Calvin S. Spencer, Jr.
Marvin H. Dunkum, Jr.
Patricia D. Scales
Julie A. Phillips
L.O. Pfeiffer, Jr.
Darrell Hodges
Chip Jones
Jessica Ownby
Don Unmussig

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COUNTY OF CUMBERLAND, VIRGINIA

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Independent Auditors' Report

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Cumberland, Virginia, as of June 30, 2020, 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.

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 4-9, 79 and 80-93 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 the County of Cumberland, 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 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 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 them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2020, on our consideration of the County of Cumberland, 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 Cumberland, 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 Cumberland, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Richmond, Virginia
November 11, 2020

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To the Honorable Members of the Board of Supervisors
To the Citizens of Cumberland County
County of Cumberland, Virginia

As management of the County of Cumberland, 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, 2020.

Financial Highlights

Government-wide Financial Statements

- The net position of the County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$10,648,866 (net position).

Fund Financial Statements

The Governmental Funds, on a current financial resource basis, reported revenues and other financing sources in excess of expenditures and other financing (uses) by \$1,273,452 (Exhibit 5). General Fund contributions to the School Board totaled \$3,649,866 for the current fiscal year.

- As of the close of the current fiscal year; the County's governmental funds reported ending fund balances of \$7,087,098 an increase of \$1,273,452 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$7,087,098 or 33.38% of total general fund expenditures.
- Governmental term obligations decreased \$1,450,540 during the current fiscal year.

Overview of the Financial Statements

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

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

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

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

Overview of the Financial Statements: (Continued)

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

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

Proprietary funds—Proprietary funds consist of enterprise funds. Enterprise funds are established to account for the delivery of goods and services to the general public and use the accrual basis of accounting, similar to private sector business.

The Water and Sewer Fund provides a centralized source for water and sewer services to County residents.

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

Overview of the Financial Statements: (Continued)

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

Other information—In addition to the basic financial 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 IDA. The School Board and IDA do not issue separate financial statements.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a County's financial position. In the case of the County, assets exceeded liabilities by \$10,648,866 at the close of the most recent fiscal year.

County of Cumberland's Net Position

	<u>Governmental</u>		<u>Business-type</u>		<u>Totals</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Current assets	\$ 12,989,370	\$ 11,006,638	\$ (21,849)	\$ (8,749)	\$ 12,967,521	\$ 10,997,889
Deferred outflows of resources	767,072	339,350	32,099	5,494	799,171	344,844
Noncurrent assets	<u>24,712,100</u>	<u>25,948,079</u>	<u>7,339,282</u>	<u>7,682,608</u>	<u>32,051,382</u>	<u>33,630,687</u>
Total assets and deferred outflows	<u>\$ 38,468,542</u>	<u>\$ 37,294,067</u>	<u>\$ 7,349,532</u>	<u>\$ 7,679,353</u>	<u>\$ 45,818,074</u>	<u>\$ 44,973,420</u>
Long-term liabilities						
outstanding	\$ 27,710,706	\$ 29,035,838	\$ 2,002,874	\$ 2,061,574	\$ 29,713,580	\$ 31,097,412
Deferred inflows of resources	3,990,764	3,846,406	6,013	11,245	3,996,777	3,857,651
Current liabilities	<u>1,448,833</u>	<u>951,372</u>	<u>10,018</u>	<u>14,776</u>	<u>1,458,851</u>	<u>966,148</u>
Total liabilities and deferred inflows	<u>\$ 33,150,303</u>	<u>\$ 33,833,616</u>	<u>\$ 2,018,905</u>	<u>\$ 2,087,595</u>	<u>\$ 35,169,208</u>	<u>\$ 35,921,211</u>
Net position:						
Net investment in						
capital assets	\$ (857,948)	\$ (1,660,172)	\$ 5,227,857	\$ 5,502,906	\$ 4,369,909	\$ 3,842,734
Restricted	-	-	151,299	148,771	151,299	148,771
Unrestricted	<u>6,176,187</u>	<u>5,120,623</u>	<u>(48,529)</u>	<u>(59,919)</u>	<u>6,127,658</u>	<u>5,060,704</u>
Total net position	<u>\$ 5,318,239</u>	<u>\$ 3,460,451</u>	<u>\$ 5,330,627</u>	<u>\$ 5,591,758</u>	<u>\$ 10,648,866</u>	<u>\$ 9,052,209</u>

Overview of the Financial Statements: (Continued)

Government-wide Financial Analysis: (Continued)

Governmental Activities—Governmental activities increased the County’s net position by \$1,596,657. Key elements of this decrease are as follows:

County of Cumberland, Virginia's Changes in Net Position For the Years Ended June 30, 2019 and 2018

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 813,340	\$ 1,166,763	\$ 393,792	\$ 428,869	\$ 1,207,132	\$ 1,595,632
Operating grants and contributions	3,495,902	3,478,097	-	-	3,495,902	3,478,097
Capital grants and contributions	1,131,900	1,131,900	-	-	1,131,900	1,131,900
General revenues:						
General property taxes	9,888,246	9,729,665	-	-	9,888,246	9,729,665
Other local taxes	1,268,451	1,201,850	-	-	1,268,451	1,201,850
Grants and other contributions not restricted	1,493,418	1,330,076	-	-	1,493,418	1,330,076
Other general revenues	137,042	281,413	2,685	3,594	139,727	285,007
Total revenues	\$ 18,228,299	\$ 18,319,764	\$ 396,477	\$ 432,463	\$ 18,624,776	\$ 18,752,227
Expenses:						
General government administration	\$ 1,710,624	\$ 2,989,532	\$ -	\$ -	\$ 1,710,624	\$ 2,989,532
Judicial administration	564,236	577,704	-	-	564,236	577,704
Public safety	3,173,022	3,140,217	-	-	3,173,022	3,140,217
Public works	1,774,395	1,569,264	-	-	1,774,395	1,569,264
Health and welfare	2,679,781	3,117,946	-	-	2,679,781	3,117,946
Education	5,168,754	5,223,117	-	-	5,168,754	5,223,117
Parks, recreation, and cultural	170,359	183,441	-	-	170,359	183,441
Community development	298,486	264,624	-	-	298,486	264,624
Interest and other fiscal charges	830,854	906,410	-	-	830,854	906,410
Water and sewer	-	-	657,608	744,703	657,608	744,703
Total expenses	\$ 16,370,511	\$ 17,972,255	\$ 657,608	\$ 744,703	\$ 17,028,119	\$ 18,716,958
Change in net position	\$ 1,857,788	\$ 347,509	\$ (261,131)	\$ (312,240)	\$ 1,596,657	\$ 35,269
Net position, beginning	3,460,451	3,112,942	5,591,758	5,903,998	9,052,209	9,016,940
Net position, ending	\$ 5,318,239	\$ 3,460,451	\$ 5,330,627	\$ 5,591,758	\$ 10,648,866	\$ 9,052,209

Overview of the Financial Statements: (Continued)

Financial Analysis of the County's Funds

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

Governmental Funds—The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of available resources. Such information is useful in assessing the County's financing requirements. In particular, 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 \$7,087,098, an increase of \$1,273,452 in comparison with the prior year. Approximately 100% of this total amount constitutes unassigned undesignated fund balance, which is available for spending at the County's discretion. The remainder of fund balance is segregated to indicate that is not available for new spending because it has already been committed.

Proprietary funds

The County's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were \$3,436,121 and can be mostly summarized as follows:

- \$3,060,000 in increases in debt service

Capital Asset and Debt Administration

- **Capital assets**—The County's investment in capital assets for its governmental and enterprise operations as of June 30, 2020 totals \$31,900,083 (net of accumulated depreciation). This investment in capital assets includes land, 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 bonded debt outstanding of \$25,938,223 which is 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., revenue bonds). The County's total debt decreased \$1,921,306 during the current fiscal year.

Additional information on the County of Cumberland, Virginia's long-term debt can be found in Note 8 of this report.

Economic Factors and Next Year's Budgets and Rates

The unemployment rate for the County was 8.1 percent in June 2020.

- Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the County's budget for the 2021 fiscal year.

The fiscal year 2021 General Fund's budget increased from \$15,548,441 to \$15,921,335.

Requests for Information

This financial report is designed to provide a general overview of the County of Cumberland, Virginia's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County Administrator, P.O. Box 110, Cumberland, Virginia 23040.

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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Statement of Net Position
June 30, 2020

	Primary Government			Component Units	
	Govern- mental Activities	Business - type Activities	Total	School Board	IDA
ASSETS					
Current Assets:					
Cash and cash equivalents	\$ 6,742,977	\$ 32,361	\$ 6,775,338	\$ 856,359	\$ -
Receivables (net of allowance for uncollectibles):					
Property taxes	4,911,809	-	4,911,809	-	-
Accounts receivable	63,419	15,790	79,209	-	-
Prepaid items	-	-	-	80,071	-
Due from component units	583,837	-	583,837	-	-
Due from other governments	617,328	-	617,328	570,057	-
Inventory held for resale	-	-	-	-	804,005
Internal balances	70,000	(70,000)	-	-	-
Total Current Assets	\$ 12,989,370	\$ (21,849)	\$ 12,967,521	\$ 1,506,487	\$ 804,005
Noncurrent Assets:					
Net pension asset	\$ -	\$ -	\$ -	\$ 561,290	\$ -
Restricted assets	-	151,299	151,299	-	106,631
Capital assets (net of accumulated depreciation):					
Land	146,089	22,458	168,547	121,421	535,846
Construction in progress	235,548	-	235,548	70,200	-
Equipment	726,337	24,733	751,070	1,220,160	-
Infrastructure	-	6,723,272	6,723,272	-	-
Buildings and improvements	3,408,028	417,520	3,825,548	3,286,882	1,281,475
Jointly owned assets	20,196,098	-	20,196,098	7,422,964	-
Total Noncurrent Assets	\$ 24,712,100	\$ 7,339,282	\$ 32,051,382	\$ 12,682,917	\$ 1,923,952
Total Assets	\$ 37,701,470	\$ 7,317,433	\$ 45,018,903	\$ 14,189,404	\$ 2,727,957
DEFERRED OUTFLOWS OF RESOURCES					
Pension related items	\$ 713,626	\$ 31,158	\$ 744,784	\$ 2,467,499	\$ -
OPEB related items	53,446	941	54,387	257,258	-
Total deferred outflows of resources	\$ 767,072	\$ 32,099	\$ 799,171	\$ 2,724,757	\$ -
LIABILITIES					
Current Liabilities:					
Accounts payable	\$ 305,688	\$ 7,792	\$ 313,480	\$ 25,735	\$ 5
Accrued liabilities	-	-	-	769,357	-
Due to primary government	-	-	-	292,521	291,316
Customer deposits	-	2,226	2,226	-	-
Accrued interest payable	449,616	-	449,616	-	-
Unearned revenue	693,529	-	693,529	251,801	-
Long-term liabilities:					
Due within one year	2,292,235	74,499	2,366,734	187,974	30,577
Due in more than one year	25,418,471	1,928,375	27,346,846	14,188,509	1,720,716
Total Liabilities	\$ 29,159,539	\$ 2,012,892	\$ 31,172,431	\$ 15,715,897	\$ 2,042,614
DEFERRED INFLOWS OF RESOURCES					
Pension related items	\$ 219,949	\$ 5,603	\$ 225,552	\$ 1,702,519	\$ -
OPEB related items	23,334	410	23,744	147,757	-
Deferred revenue - property tax	3,747,481	-	3,747,481	-	-
Total deferred inflows of resources	\$ 3,990,764	\$ 6,013	\$ 3,996,777	\$ 1,850,276	\$ -
NET POSITION					
Net investment in capital assets	\$ (857,948)	\$ 5,227,857	\$ 4,369,909	\$ 11,608,742	\$ 66,028
Restricted:					
Debt Service	-	151,299	151,299	-	-
Unrestricted	6,176,187	(48,529)	6,127,658	(12,260,754)	619,315
Total Net Position	\$ 5,318,239	\$ 5,330,627	\$ 10,648,866	\$ (652,012)	\$ 685,343

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

COUNTY OF CUMBERLAND, VIRGINIA

Statement of Activities
For the Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 1,710,624	\$ 416,739	\$ 227,474	\$ -
Judicial administration	564,236	108,505	414,886	-
Public safety	3,173,022	264,751	939,729	-
Public works	1,774,395	793	4,883	1,131,900
Health and welfare	2,679,781	-	1,906,930	-
Education	5,168,754	-	-	-
Parks, recreation, and cultural	170,359	19,102	-	-
Community development	298,486	3,450	2,000	-
Interest on long-term debt	830,854	-	-	-
Total governmental activities	<u>\$ 16,370,511</u>	<u>\$ 813,340</u>	<u>\$ 3,495,902</u>	<u>\$ 1,131,900</u>
Business-type activities:				
Water and Sewer	<u>\$ 657,608</u>	<u>\$ 393,792</u>	<u>\$ -</u>	<u>\$ -</u>
Total business-type activities	<u>\$ 657,608</u>	<u>\$ 393,792</u>	<u>\$ -</u>	<u>\$ -</u>
Total primary government	<u>\$ 17,028,119</u>	<u>\$ 1,207,132</u>	<u>\$ 3,495,902</u>	<u>\$ 1,131,900</u>
COMPONENT UNITS:				
School Board	\$ 16,397,918	\$ 40,642	\$ 11,779,821	\$ -
IDA	162,267	-	106,528	-
Total component units	<u>\$ 16,560,185</u>	<u>\$ 40,642</u>	<u>\$ 11,886,349</u>	<u>\$ -</u>
General revenues:				
General property taxes				
Local sales and use taxes				
Consumers' utility taxes				
Motor vehicle licenses				
Business license taxes				
Other local taxes				
Unrestricted revenues from use of money and property				
Miscellaneous				
Grants and contributions not restricted to specific programs				
County contribution to School Board				
Total general revenues				
Change in net position				
Net position - beginning				
Net position - ending				

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

Changes in Net Position					
Net (Expense) Revenue and Changes in Net Position					
Primary Government			Component Units		
Governmental Activities	Business- Type Activities	Total	School Board	IDA	
\$ (1,066,411)	\$ -	\$ (1,066,411)	\$ -	\$ -	
(40,845)	-	(40,845)	-	-	
(1,968,542)	-	(1,968,542)	-	-	
(636,819)	-	(636,819)	-	-	
(772,851)	-	(772,851)	-	-	
(5,168,754)	-	(5,168,754)	-	-	
(151,257)	-	(151,257)	-	-	
(293,036)	-	(293,036)	-	-	
(830,854)	-	(830,854)	-	-	
<u>\$ (10,929,369)</u>	<u>\$ -</u>	<u>\$ (10,929,369)</u>	<u>\$ -</u>	<u>\$ -</u>	
\$ -	\$ (263,816)	\$ (263,816)	\$ -	\$ -	
<u>\$ -</u>	<u>\$ (263,816)</u>	<u>\$ (263,816)</u>	<u>\$ -</u>	<u>\$ -</u>	
<u>\$ (10,929,369)</u>	<u>\$ (263,816)</u>	<u>\$ (11,193,185)</u>	<u>\$ -</u>	<u>\$ -</u>	
\$ -	\$ -	\$ -	\$ (4,577,455)	\$ -	
-	-	-	-	(55,739)	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,577,455)</u>	<u>\$ (55,739)</u>	
\$ 9,888,246	\$ -	\$ 9,888,246	\$ -	\$ -	
608,467	-	608,467	-	-	
177,328	-	177,328	-	-	
241,117	-	241,117	-	-	
110,847	-	110,847	-	-	
130,692	-	130,692	-	-	
87,714	2,685	90,399	-	51,384	
49,328	-	49,328	630,485	125	
1,493,418	-	1,493,418	-	-	
-	-	-	4,287,298	-	
<u>\$ 12,787,157</u>	<u>\$ 2,685</u>	<u>\$ 12,789,842</u>	<u>\$ 4,917,783</u>	<u>\$ 51,509</u>	
\$ 1,857,788	\$ (261,131)	\$ 1,596,657	\$ 340,328	\$ (4,230)	
3,460,451	5,591,758	9,052,209	(992,340)	689,573	
<u>\$ 5,318,239</u>	<u>\$ 5,330,627</u>	<u>\$ 10,648,866</u>	<u>\$ (652,012)</u>	<u>\$ 685,343</u>	

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FUND FINANCIAL STATEMENTS

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Balance Sheet - Governmental Funds
June 30, 2020

	<u>General</u>
ASSETS	
Cash and cash equivalents	\$ 6,742,977
Receivables (Net of allowance for uncollectibles):	
Property taxes, including penalties	4,911,809
Accounts receivable	63,419
Due from component units	583,837
Due from other funds	70,000
Due from other governmental units	<u>617,328</u>
Total assets	\$ <u><u>12,989,370</u></u>
 LIABILITIES	
Accounts payable	\$ 305,688
Unearned revenue	<u>693,529</u>
Total liabilities	\$ <u><u>999,217</u></u>
 DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue - property tax	\$ <u>4,903,055</u>
Total deferred inflows of resources	\$ <u><u>4,903,055</u></u>
 FUND BALANCES	
Unassigned	\$ <u>7,087,098</u>
Total fund balances	\$ <u><u>7,087,098</u></u>

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

Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
For the Year Ended June 30, 2020

		Primary Government Governmental Funds
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	7,087,098
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Land	\$	146,089
Construction in progress		235,548
Equipment		726,337
Buildings and improvements		3,408,028
Jointly owned assets		<u>20,196,098</u>
		24,712,100
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not reported in the funds.		
Unavailable revenue - property taxes		1,155,574
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.		
Pension related items	\$	713,626
OPEB related items		<u>53,446</u>
		767,072
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Compensated absences	\$	(324,215)
Capital lease		(79,426)
Landfill closure and post-closure		(10,481)
General obligation bonds		(19,751,434)
VACO/VML direct loan program		(3,060,000)
Bond premiums		(1,512,525)
Net pension liability		(1,528,037)
Net OPEB liability		(277,925)
State literary fund loans		(1,166,663)
Accrued interest payable		<u>(449,616)</u>
		(28,160,322)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.		
Pension related items	\$	(219,949)
OPEB related items		<u>(23,334)</u>
		(243,283)
Net position of governmental activities	\$	<u><u>5,318,239</u></u>

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

Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds
For the Year Ended June 30, 2020

	General	Nonmajor County Capital Projects	Total Governmental Funds
Revenues:			
General property taxes	\$ 9,975,711	\$ -	\$ 9,975,711
Other local taxes	1,268,451	-	1,268,451
Permits, privilege fees and regulatory licenses	98,319	-	98,319
Fines and forfeitures	81,157	-	81,157
Revenue from use of money and property	86,762	952	87,714
Charges for services	633,864	-	633,864
Miscellaneous	49,328	-	49,328
Intergovernmental:			
Local government	1,131,900	-	1,131,900
Commonwealth	3,999,459	-	3,999,459
Federal	989,861	-	989,861
Total revenues	\$ 18,314,812	\$ 952	\$ 18,315,764
Expenditures:			
Current:			
General government administration	\$ 1,633,092	\$ -	\$ 1,633,092
Judicial administration	470,031	-	470,031
Public safety	3,231,056	-	3,231,056
Public works	1,717,501	70,200	1,787,701
Health and welfare	2,669,642	-	2,669,642
Education	3,655,524	-	3,655,524
Parks, recreation, and cultural	168,712	-	168,712
Community development	297,371	-	297,371
Nondepartmental	6,472	-	6,472
Debt service:			
Principal retirement	5,061,453	-	5,061,453
Interest and other fiscal charges	1,121,258	-	1,121,258
Total expenditures	\$ 20,032,112	\$ 70,200	\$ 20,102,312
Excess (deficiency) of revenues over (under) expenditures	\$ (1,717,300)	\$ (69,248)	\$ (1,786,548)
Other financing sources (uses):			
Issuance of refunding bonds	\$ 3,060,000	\$ -	\$ 3,060,000
Transfers in	-	728	728
Transfers (out)	(728)	-	(728)
Total other financing sources (uses)	\$ 3,059,272	\$ 728	\$ 3,060,000
Net change in fund balances	\$ 1,341,972	\$ (68,520)	\$ 1,273,452
Fund balances at beginning of year	5,745,126	68,520	5,813,646
Fund balances at end of year	\$ 7,087,098	\$ -	\$ 7,087,098

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

Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances
to the Statement of Activities - Governmental Funds
For the Year Ended June 30, 2020

		Primary Government Governmental Funds
Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds	\$	1,273,452
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 depreciation exceeded the capital outlays in the current period.		
Capital outlay	\$	393,418
Depreciation expense		(1,094,678)
Transfer of joint tenancy assets to Component Unit School Board from Primary Government		(637,367)
		(1,338,627)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes		(87,465)
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 the treatment of long-term debt and related items.		
Principal retired on general obligation bonds	\$	1,448,834
Principal retired on state literary fund loans		166,667
Principal retired on capital lease		23,222
Issuance of refunding VACO/VML direct loan program		(3,060,000)
Principal retired on VACO/VML direct loan program		3,295,000
		1,873,723
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.		
Change in compensated absences	\$	(18,913)
Pension expense		(147,495)
OPEB expense		12,884
Amortization of bond premiums		267,128
Change in landfill closure and post-closure		(175)
Change in accrued interest payable		23,276
		136,705
Change in net position of governmental activities	\$	1,857,788

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

Statement of Net Position - Proprietary Funds
June 30, 2020

	<u>Water and Sewer Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 32,361
Accounts receivable, net	15,790
Total current assets	\$ 48,151
Noncurrent assets:	
Restricted assets	\$ 151,299
Capital Assets:	
Land	22,458
Equipment, net of depreciation	24,733
Infrastructure, net of depreciation	6,723,272
Buildings and improvements, net of depreciation	417,520
Total noncurrent assets	\$ 7,339,282
Total assets	\$ 7,387,433
DEFERRED OUTFLOWS OF RESOURCES	
Pension related items	\$ 31,158
OPEB related items	941
Total deferred outflows of resources	\$ 32,099
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 7,792
Customer deposits	2,226
Due to other funds	70,000
Long-term obligations, current portion	74,499
Total current liabilities	\$ 154,517
Noncurrent liabilities:	
Long-term obligations, noncurrent portion	\$ 1,928,375
Total liabilities	\$ 2,082,892
DEFERRED INFLOWS OF RESOURCES	
Pension related items	\$ 5,603
OPEB related items	410
Total deferred inflows of resources	\$ 6,013
Net Position	
Net investment in capital assets	\$ 5,227,857
Restricted:	
Debt Service	151,299
Unrestricted assets	(48,529)
Total Net Position	\$ 5,330,627

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

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

	Water and Sewer Fund
Operating revenues:	
Water	\$ 112,512
Sewer	252,758
Other charges for services	<u>28,522</u>
Total operating revenues	\$ <u>393,792</u>
Operating expenses:	
Salaries	\$ 75,051
Fringe benefits	19,837
Contracted services	32,003
Other operating expenses	115,976
Depreciation	<u>345,854</u>
Total operating expenses	\$ <u>588,721</u>
Operating income (loss)	\$ <u>(194,929)</u>
Nonoperating revenues (expenses):	
Interest income	\$ 2,685
Interest expense	<u>(68,887)</u>
Total nonoperating revenues (expenses)	\$ <u>(66,202)</u>
Change in net position	\$ (261,131)
Net position, beginning of year	<u>5,591,758</u>
Net position, end of year	<u><u>\$ 5,330,627</u></u>

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

Statement of Cash Flows -
 Proprietary Funds
 For the Year Ended June 30, 2020

	Water and Sewer Fund
Cash flows from operating activities:	
Receipts from customers and users	\$ 409,165
Payments for salaries and fringe benefits	(114,620)
Payments for operating activities	<u>(152,737)</u>
Net cash provided by (used for) operating activities	\$ <u>141,808</u>
Cash flows from capital and related financing activities:	
Retirement of indebtedness	\$ (70,805)
Interest paid on loans	<u>(68,887)</u>
Net cash provided by (used for) capital and related financing activities	\$ <u>(139,692)</u>
Cash flows from investing activities:	
Interest income	\$ <u>2,685</u>
Net cash provided by (used for) investing activities	\$ <u>2,685</u>
Increase (decrease) in cash and cash equivalents	\$ 4,801
Cash and cash equivalents - beginning - (including restricted amounts)	<u>178,859</u>
Cash and cash equivalents - ending - (including restricted amounts)	<u><u>\$ 183,660</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ (194,929)
Adjustments to reconcile net income (loss) to net cash provided by (used for) operating activities:	
Depreciation	345,854
Changes in operating assets and liabilities:	
(Increase)/decrease in accounts receivable	15,373
(Increase)/decrease in deferred outflows of resources	(26,605)
Increase/(decrease) in accounts payable	(4,758)
Increase/(decrease) in deferred inflows of resources	(5,232)
Increase/(decrease) in net pension liability	13,072
Increase/(decrease) in net OPEB liability	205
Increase/(decrease) in compensated absences	<u>(1,172)</u>
Net cash provided by (used for) operating activities	\$ <u><u>141,808</u></u>

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

Statement of Fiduciary Net Position - Fiduciary Funds
June 30, 2020

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 1,044,030
Prepaid items	11,025
Accounts receivable	<u>25,709</u>
Total assets	<u>\$ 1,080,764</u>
LIABILITIES	
Accounts payable	\$ 5,072
Accrued liabilities	41,314
Amounts held for sheriff	73,768
Amounts held for others	942,881
Amounts held for social services clients	<u>17,729</u>
Total liabilities	<u>\$ 1,080,764</u>

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

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements As of June 30, 2020

Note 1—Summary of Significant Accounting Policies:

The County of Cumberland, Virginia was formed in 1749 and it is governed by an elected five-member Board of Supervisors. The Board of Supervisors is responsible for appointing the County Administrator. The County provides a full range of services for its citizens. These services include police and volunteer fire protection; sanitation services; recreational activities; cultural events; education and social services.

The financial statements of the County of Cumberland, 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.

Financial Statement Presentation

Government-wide and Fund Financial Statements

Government-wide financial statements—The reporting model includes financial statements prepared using full accrual accounting for all of the government's activities. This approach includes not just current assets and liabilities 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 of the nonfiduciary activities of the primary government and its component units. For the most part, effects of interfund activity have 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 and business-type activities) and its discretely presented component units. Governments will report all capital assets, in the government-wide Statement of Net Position and will report depreciation expense - the cost of "using up" capital assets-in the Statement of Activities. The net position of a government will be broken down into three categories-1) net investment in capital assets; 2) restricted; and 3) unrestricted.

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 is 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.

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

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.

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 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. The budgetary comparison schedules present the original budget, the final budget, and the actual activity of the major governmental funds.

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 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 Cumberland, Virginia (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 it is legally separate from the government.

B. Individual Component Unit Disclosures

Blended Component Units—The County has no blended component units to be included for the fiscal year ended June 30, 2020.

Discretely Presented Component Units

Cumberland County School Board The School Board members are elected and are responsible for the operations of the County's School System. The School Board is fiscally dependent on the County. The County has the ability to 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 and does not have separate taxing powers. 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, 2020.

Cumberland County Industrial Development Authority The IDA Board members are appointed by the Board of Supervisors and are responsible for the industrial development in the County. The IDA is fiscally dependent on the County. The primary funding is from the General Fund of the County. The IDA does not issue a separate financial report and does not have separate taxing powers. The financial statements of the IDA are presented as a discrete presentation of the County financial statements for the fiscal year ended June 30, 2020.

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

C. Other Related Organizations

The County's officials are also responsible for appointing the members of the board of other organizations, but the County's accountability for these organizations do not extend beyond making the appointment.

Included in the County's Annual Financial Report

None

Excluded from the County's Annual Financial Report

Crossroads Community Services Board

The Board was created by resolution pursuant to state statute and is considered a jointly governed organization and therefore its operations are not included in the County's financial statements. The board's service area includes the counties of Amelia, Buckingham, Charlotte, Cumberland, Lunenburg, and Nottoway. The Board is governed by a 15 member Board of Directors. One elected official and one consumer appointed by the County Board of Supervisors represents each County. The 15th member rotates between the Counties. Amelia County serves as the fiscal agent for the Board. The County cannot impose its will on the Board since it does not have the ability to modify or approve the budget or overrule or modify the decisions of the Board. The Board is fiscally independent and there is no financial benefit or burden relationship with the County. Therefore, it is not included in the County's financial statements.

Piedmont Regional Jail Board

The Board was created in 1986 to develop, construct, operate and maintain the regional jail known as the Piedmont Regional Jail. The Jail's service area includes the counties of Amelia, Buckingham, Cumberland, Lunenburg, Nottoway, and Prince Edward. The Board is governed by a Board of Directors appointed by the Board of Supervisors of each of the involved counties. The Board of Directors has appointed the Treasurer of the County of Nottoway to serve as fiscal agent. The Board is considered a jointly governed organization and therefore its operations are not included in the County's financial statements. The County cannot impose its will on the Board since it does not have the ability to modify or approve the budget or overrule or modify the decisions of the Board. The Board is fiscally independent and there is no financial benefit or burden relationship with the County. Therefore, it is not included in the County's financial statements.

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 the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

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

The government-wide Statement of Activities reflects both the gross and net cost per functional category (public safety, public works, health and welfare, etc.) 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 in which these funds are normally budgeted. Revenues are recognized when they have been earned and they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers 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 to be 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.

In the fund financial statements, financial transactions and accounts of the County are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

1. Governmental Funds

Governmental Funds are those through which most governmental functions typically are financed. The government reports the following governmental funds.

a. General Fund

The General Fund is the primary operating fund of the County. This fund is used to account for and report all financial 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 services, 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. The General Fund is considered a major fund for reporting purposes.

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

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

1. Governmental Funds (Continued)

b. Capital Projects Fund

The Capital Projects Fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for capital outlays, except for those financed by proprietary funds or for assets held in trust for individuals, private organizations, or other governments. The County Capital Projects Fund is considered a nonmajor fund.

2. Proprietary Funds

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

Enterprise Funds

Enterprise Funds account for the financing of services to the general public where all or most of the operating expenses involved are recorded in the form of charges to users of such services.

The County reports the following major enterprise funds:

The Water and Sewer Fund—This fund is used to account for the water system and the sewage treatment plant, sewage pumping stations and collection systems as well as the water distribution system.

3. Fiduciary Funds (Trust and Agency Funds) account for assets held by the County unit in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. These funds include Agency Funds, which consist of The Governor's School of Southside Virginia, the Special Welfare Fund, Sheriff's Forfeiture Fund, Erosion and Sediment Control Bond Escrow Fund and the Health Insurance Fund. 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.

E. Budgets and Budgetary Accounting

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

1. Prior to March 30, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating budget 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.

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

E. Budgets and Budgetary Accounting (Continued)

4. The Appropriations Resolution places legal restrictions on expenditures at the department level or category 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.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund and School Fund.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30, for all County units. Several supplemental appropriations were necessary during the year and at year-end.
8. All budgetary data presented in the accompanying financial statements is the original budget at June 30.

F. 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.

Restricted cash consists of reserve accounts established as required by Rural Development bond covenants.

G. Investments

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit, 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.

H. Prepaid Items

Certain payments to vendors represent costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

I. Receivables and Payables

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

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

I. Receivables and Payables (Continued)

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$177,014 at June 30, 2020 and is comprised of property taxes in the amount of \$123,150 and utility accounts in the amount of \$53,864.

Property is assessed at its value on January 1. Property taxes attach as an enforceable lien on property as of January 1. Real estate taxes are due in two installments, the first on June 15th and the second on November 15th. Personal property taxes are payable November 15th. The County bills and collects its own property taxes.

J. Capital Assets

Capital assets, which include property, plant and equipment, and infrastructure are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as land, buildings, road registered vehicles, and equipment with an initial individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their 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. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was capitalized for the fiscal year ending June 30, 2020.

Property, plant and equipment of the primary government, as well as the component units, is

<u>Assets</u>	<u>Years</u>
Buildings	40
Building Improvements	20-40
Vehicles	5
Infrastructure	40
Office and computer equipment	5
Buses	12

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

K. Deferred Outflows/Inflows of Resources

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

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 multiple items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30, 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 asset/liability and net OPEB liabilities are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

L. 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 net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

M. 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 and Teacher HIC OPEB Plans and the additions to/deductions from the VRS OPEB Plans' net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

N. 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 an expense in the statement of activities and a long-term obligation in the Statement of Net Position. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that it is estimated will be taken as "terminal leave" prior to retirement.

O. 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 is reported as other financing sources while discounts on debt issuances are reported as other financing uses.

P. 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 CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

P. Fund Balance (Continued)

The Board of Supervisors establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance / 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 the 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).

Q. Use of Estimates

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

R. 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. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

T. Upcoming Pronouncements

Statement No. 84, *Fiduciary Activities*, 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 requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

T. Upcoming Pronouncements (Continued)

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. 90, *Majority Equity Interests - An Amendment of GASB Statements No. 14 and No. 61*, provides guidance for reporting a government's majority equity interest in a legally separate organization and for reporting financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

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.

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.

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

U. Upcoming Pronouncements (Continued)

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 2—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 in excess of the amount insured by 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 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).

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 2—Deposits and Investments: (Continued)

Credit Risk of Debt Securities

State statutes require that commercial paper have a short-term debt rating of no less than “A-1” (or its equivalent) from at least two of the following: Moody’s Investors Service, Standard & Poor’s and Fitch Investor’s Service. Corporate notes, negotiable Certificates of Deposit and bank deposit notes maturing in less than one year must have a short-term debt rating of at least “A-1” by Standard & Poor’s and “P-1” by Moody’s Investor Service. Notes having a maturity of greater than one year must be rated “AA” by Standard & Poor’s and “Aa” by Moody’s Investor Service. The County’s rated debt investments as of June 30, 2020 were rated by Standard & Poor’s and/or an equivalent national rating organization and the ratings are presented below using the Standard & Poor’s rating scale.

County's Rate Debt Investments' Values	
Rated Debt Investments	Fair Quality Ratings
	AAAm
Local Government Investment Pool	\$ 663,078
Virginia Investment Pool	1,449,298
Total	\$ 2,112,376

Fair Value Measurements

The County has the following recurring fair value measurements as of June 30, 2020:

Investment Type	Fair Value Measurement
	Balance June 30, 2020
Investments measured at NAV:	
Virginia Investment Pool	\$ 1,449,298
Total investments measured at NAV	\$ 1,449,298
Total investments measured at fair value	\$ 1,449,298

As of June 30, 2020, there were no withdraw limitations association with investments held by the Virginia Investment Pool.

Concentration of Credit Risk

Concentration of credit risk is defined as the risk of loss attributed to the magnitude of a government’s investment in a single issuer. If certain investments in any one issuer represent 5% of total investments, there must be a disclosure for the amount and issuer. At June 30, 2020, there is no portion of the County’s portfolio, excluding the LGIP that exceed 5% of the total portfolio. At present the County does not have a policy related to custodial credit risk.

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 2—Deposits and Investments: (Continued)

External Investment Pools

The value of the positions in the external investment pools (Local Government Investment Pool) is the same as the value of the pool shares. As LGIP is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. LGIP is an amortized cost basis portfolio. There are no withdrawal limitations or restrictions imposed on participants.

Interest Rate Risk

Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair value of an investment.

<u>Investment Maturities (in years)</u>		
<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>
Local Government Investment Pool	\$ 663,078	\$ 663,078
Virginia Investment Pool	1,449,298	1,449,298
Total	\$ 2,112,376	\$ 2,112,376

Restricted Assets

Restricted assets at June 30, 2020 are comprised of the following:

	<u>Primary Government Business-type Activities</u>	<u>Component Unit IDA</u>
Debt service reserves	\$ 151,299	\$ 106,631
Total	\$ 151,299	\$ 106,631

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COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 3—Due from Other Governmental Units

At June 30, 2020, the County and School Board had receivables from other governments as follows:

	<u>Primary Government</u>	<u>Component Unit School Board</u>
Commonwealth of Virginia:		
State sales taxes	\$ -	\$ 202,155
Local sales taxes	121,861	-
Communication taxes	52,042	-
Public assistance	33,648	-
Comprehensive services	145,833	-
Shared expenses	96,072	-
Rolling stock tax	172	-
Mobile home titling taxes	11,528	-
Rental tax	1,083	-
E-911 wireless	7,311	-
Payments in lieu of taxes	60,323	-
School resource officer	22,629	-
Other	2,884	-
Federal Government:		
School funds	-	367,902
Public assistance	61,942	-
Total	<u>\$ 617,328</u>	<u>\$ 570,057</u>

Note 4—Interfund Obligations/Due to/From Primary Government/Component Units:

Primary Government:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General	\$ 70,000	\$ -
Water and Sewer	-	70,000
Total	<u>\$ 70,000</u>	<u>\$ 70,000</u>

Details of obligations between the primary government and its component units as of June 30, 2020 are as follows:

	<u>Due from Primary Government/ Component Unit</u>	<u>Due to Primary Government/ Component Unit</u>
Primary Government:		
General	\$ 583,837	\$ -
Component Unit-IDA	-	291,316
Component Unit-School Board:		
School Operating	-	292,521
Total	<u>\$ 583,837</u>	<u>\$ 583,837</u>

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 5—Interfund Transfers:

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

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ -	\$ 728
County Capital Projects	728	-
School Operating	-	732,062
School Cafeteria	732,062	-
Total	\$ <u>732,790</u>	\$ <u>732,790</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 to finance various programs accounted for in other funds in accordance with budgeting authorization.

Note 6—Capital Assets:

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

	<u>Balance July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2020</u>
Primary Government:				
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 146,089	\$ -	\$ -	\$ 146,089
Construction in progress	-	235,548	-	235,548
Total capital assets not being depreciated	\$ <u>146,089</u>	\$ <u>235,548</u>	\$ <u>-</u>	\$ <u>381,637</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 6,943,167	\$ -	\$ 9,820	\$ 6,933,347
Equipment	2,851,919	157,870	772,096	2,237,693
Jointly owned assets	30,835,991	-	910,676	29,925,315
Total capital assets being depreciated	\$ <u>40,631,077</u>	\$ <u>157,870</u>	\$ <u>1,692,592</u>	\$ <u>39,096,355</u>
Accumulated depreciation:				
Buildings and improvements	\$ 3,387,412	\$ 147,727	\$ 9,820	\$ 3,525,319
Equipment	2,084,634	198,818	772,096	1,511,356
Jointly owned assets	9,254,393	748,133	273,309	9,729,217
Total accumulated depreciation	\$ <u>14,726,439</u>	\$ <u>1,094,678</u>	\$ <u>1,055,225</u>	\$ <u>14,765,892</u>
Total capital assets being depreciated, net	\$ <u>25,904,638</u>	\$ <u>(936,808)</u>	\$ <u>637,367</u>	\$ <u>24,330,463</u>
Governmental activities capital assets, net	\$ <u>26,050,727</u>	\$ <u>(701,260)</u>	\$ <u>637,367</u>	\$ <u>24,712,100</u>

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 6—Capital Assets: (Continued)

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

	<u>Balance July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2020</u>
Primary Government:				
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ <u>22,458</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>22,458</u>
Capital assets being depreciated:				
Equipment	\$ 278,668	\$ -	\$ -	\$ 278,668
Infrastructure	11,494,836	-	-	11,494,836
Buildings and improvements	<u>1,511,814</u>	<u>-</u>	<u>-</u>	<u>1,511,814</u>
Total capital assets being depreciated	\$ <u>13,285,318</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>13,285,318</u>
Accumulated depreciation:				
Equipment	\$ 246,016	\$ 7,919	\$ -	\$ 253,935
Infrastructure	4,484,022	287,542	-	4,771,564
Buildings and improvements	<u>1,043,901</u>	<u>50,393</u>	<u>-</u>	<u>1,094,294</u>
Total accumulated depreciation	\$ <u>5,773,939</u>	\$ <u>345,854</u>	\$ <u>-</u>	\$ <u>6,119,793</u>
Total capital assets being depreciated, net	\$ <u>7,511,379</u>	\$ <u>(345,854)</u>	\$ <u>-</u>	\$ <u>7,165,525</u>
Business-type activities capital assets, net	\$ <u><u>7,533,837</u></u>	\$ <u><u>(345,854)</u></u>	\$ <u><u>-</u></u>	\$ <u><u>7,187,983</u></u>

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COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 6—Capital Assets: (Continued)

Component Unit - School Board:	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 121,421	\$ -	\$ -	\$ 121,421
Construction in progress	<u>-</u>	<u>70,200</u>	<u>-</u>	<u>70,200</u>
Total capital assets not being depreciated	\$ <u>121,421</u>	\$ <u>70,200</u>	\$ <u>-</u>	\$ <u>191,621</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 6,920,862	\$ -	\$ -	\$ 6,920,862
Equipment	3,167,843	99,139	-	3,266,982
Jointly owned assets	<u>10,088,207</u>	<u>-</u>	<u>(910,676)</u>	<u>10,998,883</u>
Total capital assets being depreciated	\$ <u>20,176,912</u>	\$ <u>99,139</u>	\$ <u>(910,676)</u>	\$ <u>21,186,727</u>
Accumulated depreciation:				
Buildings and improvements	\$ 3,475,520	\$ 158,460	\$ -	\$ 3,633,980
Equipment	1,839,353	207,469	-	2,046,822
Jointly owned assets	<u>3,027,638</u>	<u>274,972</u>	<u>(273,309)</u>	<u>3,575,919</u>
Total accumulated depreciation	\$ <u>8,342,511</u>	\$ <u>640,901</u>	\$ <u>(273,309)</u>	\$ <u>9,256,721</u>
Total capital assets being depreciated, net	\$ <u>11,834,401</u>	\$ <u>(541,762)</u>	\$ <u>(637,367)</u>	\$ <u>11,930,006</u>
Governmental activities capital assets, net	\$ <u><u>11,955,822</u></u>	\$ <u><u>(471,562)</u></u>	\$ <u><u>(637,367)</u></u>	\$ <u><u>12,121,627</u></u>

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COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 6—Capital Assets: (Continued)

Component Unit - Industrial Development Authority:	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 535,846	\$ -	\$ -	\$ 535,846
Capital assets being depreciated:				
Buildings and improvements	\$ 1,705,691	\$ -	\$ -	\$ 1,705,691
Accumulated depreciation:				
Buildings and improvements	381,573	42,643	-	424,216
Total capital assets being depreciated, net	\$ 1,324,118	\$ (42,643)	\$ -	\$ 1,281,475
Business-type activities capital assets, net	\$ 1,859,964	\$ (42,643)	\$ -	\$ 1,817,321

Depreciation expense was charged to functions/programs of the primary government as follows:

Primary Government:

Governmental activities:

General government administration	\$ 36,940
Judicial administration	87,466
Public safety	170,586
Public works	33,678
Health and welfare	15,313
Education	748,133
Parks, recreation and cultural	784
Community development	1,778
Total	\$ 1,094,678

Business-type activities:

Water and Sewer Fund	\$ 345,854
Depreciation expense	\$ 365,929
Depreciation expense - joint tenancy assets	274,972
Total	\$ 640,901

Component Unit-Industrial

Development Authority	\$ 42,643
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COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 7—Deferred Outflows/Inflows of Resources:

Deferred/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. Unearned/unavailable revenue totaling \$4,903,055 is comprised of the following:

	Government-wide Statements	Balance Sheet
	Governmental Activities	Governmental Funds
Unavailable property tax revenue representing uncollected property tax billings that are not available for the funding of current expenditures.	\$ -	\$ 1,155,574
2nd half assessments due in December 2020	3,481,056	3,481,056
Prepaid property taxes due in December 2020, but paid in advance by the taxpayers.	266,425	266,425
Total deferred inflows of resources	\$ 3,747,481	\$ 4,903,055

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COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 8—Long-Term Obligations:

Primary Government:

The following is a summary of changes in long-term obligations for the fiscal year ended June 30, 2020:

	Balance July 1, 2019	Issuances / Increases	Retirements / Decreases	Balance June 30, 2020	Amounts Due Within One Year
Governmental Activities:					
Compensated absences	\$ 305,302	\$ 49,443	\$ 30,530	\$ 324,215	\$ 32,422
Landfill closure and post-closure	10,306	175	-	10,481	-
Derivative instrument liability	22,760	-	22,760	-	-
Net pension liability	845,667	1,990,055	1,307,685	1,528,037	-
Net OPEB liability	266,312	65,975	54,362	277,925	-
Capital lease	102,648	-	23,222	79,426	24,778
Direct borrowings and placements:					
General obligations bonds	21,200,268	-	1,448,834	19,751,434	1,524,518
General obligations bond premiums	1,779,653	-	267,128	1,512,525	252,448
VACO/VML direct loan program	3,295,000	3,060,000	3,295,000	3,060,000	291,402
State literary fund loans	1,333,330	-	166,667	1,166,663	166,667
Total Governmental Activities	\$ 29,161,246	\$ 5,165,648	\$ 6,616,188	\$ 27,710,706	\$ 2,292,235
Business-type Activities:					
Water and Sewer Fund:					
Compensated absences	\$ 10,542	\$ -	\$ 1,172	\$ 9,370	\$ 937
Net pension liability	15,413	37,442	24,370	28,485	-
Net OPEB liability	4,688	1,162	957	4,893	-
Direct borrowing and placements:					
Revenue bonds	2,030,931	-	70,805	1,960,126	73,562
Total Business-type Activities	\$ 2,061,574	\$ 38,604	\$ 97,304	\$ 2,002,874	\$ 74,499
Total primary government	\$ 31,097,412	\$ 5,204,252	\$ 6,690,732	\$ 29,713,580	\$ 2,366,734

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 8—Long-Term Obligations: (Continued)

Primary Government: (Continued)

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

Year Ending June 30,	Governmental Activities						Business-type Activities	
	Direct Borrowings and Direct Placements						Direct Borrowings and Direct Placements	
	General Obligation Bonds		State Literary Fund Loans		VACO/VML Loan Program		Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 1,524,518	\$ 834,410	\$ 166,667	\$ 35,000	\$ 291,402	\$ 69,210	\$ 73,562	\$ 66,130
2022	1,597,024	761,804	166,666	30,000	298,370	62,242	76,466	63,226
2023	1,676,928	687,895	166,666	25,000	305,303	55,309	79,494	60,198
2024	1,766,612	606,395	166,666	20,000	312,396	48,216	82,609	57,083
2025	1,865,584	514,349	166,666	15,000	319,654	40,958	85,943	53,749
2026	1,965,548	417,270	166,666	10,000	327,081	33,531	89,376	50,316
2027	2,076,556	314,854	166,666	5,000	334,680	25,932	92,956	46,736
2028	2,343,664	218,930	-	-	342,455	18,156	96,652	43,040
2029	2,425,000	138,636	-	-	350,412	10,200	100,584	39,108
2030	2,510,000	50,828	-	-	178,247	2,059	104,646	35,046
2031	-	-	-	-	-	-	108,883	30,809
2032	-	-	-	-	-	-	113,271	26,421
2033	-	-	-	-	-	-	117,914	21,778
2034	-	-	-	-	-	-	122,726	16,966
2035	-	-	-	-	-	-	97,972	13,280
2036	-	-	-	-	-	-	33,488	11,392
2037	-	-	-	-	-	-	25,786	9,602
2038	-	-	-	-	-	-	26,314	9,074
2039	-	-	-	-	-	-	26,852	8,536
2040	-	-	-	-	-	-	27,380	8,008
2041	-	-	-	-	-	-	27,962	7,426
2042	-	-	-	-	-	-	28,535	6,853
2043	-	-	-	-	-	-	29,119	6,269
2044	-	-	-	-	-	-	29,700	5,688
2045	-	-	-	-	-	-	30,323	5,065
2046	-	-	-	-	-	-	30,943	4,445
2047	-	-	-	-	-	-	31,577	3,811
2048	-	-	-	-	-	-	32,215	3,173
2049	-	-	-	-	-	-	32,882	2,506
2050	-	-	-	-	-	-	33,555	1,833
2051	-	-	-	-	-	-	34,242	1,146
2052	-	-	-	-	-	-	34,942	446
2053	-	-	-	-	-	-	1,257	1,691
Total	\$ 19,751,434	\$ 4,545,371	\$ 1,166,663	\$ 140,000	\$ 3,060,000	\$ 365,813	\$ 1,960,126	\$ 720,850

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements As of June 30, 2020 (Continued)

Note 8—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Governmental Activities:

	Interest Rates	Date Issued	Final Maturity Date	Amount of Original Issue	Balance Governmental Activities	Amount Due Within One Year
Compensated absences (payable from the General Fund)					\$ 324,215	\$ 32,422
Net OPEB liability (payable from the General Fund)					\$ 277,925	\$ -
Net pension liability (payable from the General Fund)					\$ 1,528,037	\$ -
Landfill closure and post-closure					\$ 10,481	\$ -
Capital lease:						
Master equipment lease	6.70%	12/04/18	12/04/22	\$ 132,033	\$ 79,426	\$ 24,778
Total long-term obligations incurred by the County					\$ 2,220,084	\$ 57,200
Direct borrowings and placements:						
General Obligation Bonds:						
VPSA Bond outstanding \$14,295,000 plus unamortized premium of \$1,512,525.	3.05% through 5.5%	11/01/16	07/25/29	\$ 17,301,562	\$ 15,182,525	\$ 932,448
General Obligation Bond outstanding	3.00% through 5.10%	11/08/07	07/25/27	11,620,646	5,359,434	609,518
Lease Revenue Refunding Bond outstanding	2.31%	09/06/12	07/15/22	2,223,000	722,000	235,000
Total General Obligation Bonds					\$ 21,263,959	\$ 1,776,966
Other Long-Term Debt:						
State Literary Fund Loan	3.00%	02/27/97	02/01/27	5,000,000	\$ 1,166,663	\$ 166,667
VACO/VML Direct Loan	3.40%	11/02/09	11/01/29	5,000,000	3,060,000	291,402
Total Other Long-Term Debt					\$ 4,226,663	\$ 458,069
Total Direct Borrowings and Placements					\$ 25,490,622	\$ 2,235,035
Total long-term obligations - governmental activities					\$ 27,710,706	\$ 2,292,235

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COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements As of June 30, 2020 (Continued)

Note 8—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Business-type Activities:

	Interest Rates	Date Issued	Final Maturity Date	Amount of Original Issue	Balance Business-Type Activities	Amount Due Within One Year
Compensated absences (payable from the Enterprise Fund)					\$ 9,370	\$ 937
Net OPEB liability (payable from the Enterprise Fund)					\$ 4,893	\$ -
Net pension liability (payable from the Enterprise Fund)					\$ 28,485	\$ -
Direct borrowings and placements:						
Revenue Bonds:						
Series 1995 and Series A Sewer Revenue Bond	4.50%	10/31/95	10/31/35	\$ 1,548,800	\$ 915,688	\$ 45,171
Series 1996 Sewer Revenue Bonds	4.50%	10/09/96	10/09/36	344,500	212,146	9,742
Series 2012 Sewer Revenue Bonds	2.00%	06/01/12	06/01/52	939,000	832,292	18,649
Total Revenue Bonds					\$ 1,960,126	\$ 73,562
Total Direct Borrowings and Placements					\$ 1,960,126	\$ 73,562
Total long-term obligations - business-type activities					\$ 2,002,874	\$ 74,499

Component Units:

The following is a summary of changes in long-term obligation transactions for fiscal year ended June 30, 2020:

	Balance at July 1, 2019	Issuances / Increases	Retirements / Decreases	Balance at June 30, 2020	Amounts Due Within One Year
School Board:					
Compensated absences	\$ 349,878	\$ 180,270	\$ 34,988	\$ 495,160	\$ 49,516
Net pension liability	10,456,093	4,261,708	3,170,361	11,547,440	-
Net OPEB liabilities	1,755,395	374,409	308,806	1,820,998	-
Direct borrowing and placements:					
Ameresco performance contract	640,615	-	127,730	512,885	138,458
Total School Board	\$ 13,201,981	\$ 4,816,387	\$ 3,641,885	\$ 14,376,483	\$ 187,974
Industrial Development Authority:					
Direct borrowing and placements:					
Rural development loan	\$ 1,780,629	\$ -	\$ 29,336	\$ 1,751,293	\$ 30,577

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 8—Long-Term Obligations: (Continued)

Component Units: (Continued)

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

Year Ending June 30,	School Board		IDA	
	Direct Borrowings and Direct Placements		Direct Borrowings and Direct Placements	
	Ameresco Performance Contract		Rural Development Loan	
	Principal	Interest	Principal	Interest
2021	\$ 138,458	\$ 24,875	\$ 30,577	\$ 71,663
2022	149,838	18,160	31,862	70,378
2023	161,905	10,893	33,202	69,038
2024	62,684	3,040	34,598	67,642
2025	-	-	36,052	66,188
2026	-	-	37,568	64,672
2027	-	-	39,147	63,093
2028	-	-	40,793	61,447
2029	-	-	42,508	59,732
2030	-	-	44,295	57,945
2031	-	-	46,157	56,083
2032	-	-	48,097	54,143
2033	-	-	50,119	52,121
2034	-	-	52,226	50,014
2035	-	-	54,421	47,819
2036	-	-	56,709	45,531
2037	-	-	59,093	43,147
2038	-	-	61,577	40,663
2039	-	-	64,166	38,074
2040	-	-	66,863	35,377
2041	-	-	69,674	32,566
2042	-	-	72,603	29,636
2043	-	-	75,655	26,584
2044	-	-	78,836	23,404
2045	-	-	82,150	20,090
2046	-	-	85,604	16,636
2047	-	-	89,202	13,038
2048	-	-	92,952	9,288
2049	-	-	96,860	5,380
2050	-	-	77,727	1,291
Total	\$ 512,885	\$ 56,968	\$ 1,751,293	\$ 1,292,683

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements As of June 30, 2020 (Continued)

Note 8—Long-Term Obligations: (Continued)

Component Units: (Continued)

Details of long-term obligations are as follows:

	Interest Rates	Date Issued	Final Maturity Date	Amount of Original Issue	Balance Component Unit Activities	Amount Due Within One Year
<u>Component Unit School Board:</u>						
Compensated absences (payable from the School Fund)					\$ 495,160	\$ 49,516
Net OPEB liability (payable from the School Fund)					\$ 11,547,440	\$ -
Net pension liability (payable from the School Fund)					\$ 1,820,998	\$ -
Direct borrowings and placements:						
<u>Financial lease:</u>						
Ameresco	4.85%	06/13/05	06/13/24	\$ 1,621,471	\$ 512,885	\$ 138,458
Total outstanding debt - component unit - School Board					\$ 14,376,483	\$ 187,974
<u>Component Unit IDA:</u>						
Direct borrowings and placements:						
<u>Notes payable:</u>						
Rural Development loan	4.85%	04/23/10	04/23/50	\$ 2,000,000	\$ 1,751,293	\$ 30,577
Total outstanding debt - component unit - IDA					\$ 1,751,293	\$ 30,577

Note 9—Capital Leases:

The County has entered into a lease agreement as lessee for financing the acquisition of three vehicles. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of minimum lease payments as of the inception date.

The assets acquired through a capital lease are as follows:

	Primary Government
Asset:	
Equipment	\$ 132,033
Less: accumulated depreciation	(41,527)
Total	\$ 90,506

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 9—Capital Leases: (Continued)

The future minimum lease obligations and the net present value of minimum lease payments as of June 30, 2020, are as follows:

<u>Year Ended June 30</u>	<u>Primary Government</u>
2021	\$ 30,100
2022	30,100
2023	<u>30,100</u>
Total minimum lease payments	\$ 90,300
Less: amount representing interest	<u>(10,874)</u>
Present value of minimum lease payments	<u><u>\$ 79,426</u></u>

Note 10—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.

Plan Description

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 hired 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 creditable service or age 50 with at least 30 years of creditable service. 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 creditable service. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 10—Pension Plans: (Continued)

Plan Description (Continued)

- b. Employees hired on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013 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 hired 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, and 1.85% for sheriffs and regional jail superintendents. 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, and 1.85% for sheriffs and regional jail superintendents. 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 CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 10—Pension Plans: (Continued)

Employees Covered by Benefit Terms

As of the June 30, 2018 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Primary Government	Component Unit School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	44	26
Inactive members:		
Vested inactive members	10	7
Non-vested inactive members	15	16
Inactive members active elsewhere in VRS	52	9
Total inactive members	77	32
Active members	80	38
Total covered employees	201	96

Contributions

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

The County's contractually required employer contribution rate for the year ended June 30, 2020 was 8.31% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

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 \$269,354 and \$270,178 for the years ended June 30, 2020 and June 30, 2019, respectively.

The Component Unit School Board's contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2020 was 1.31% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

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 \$6,993 and \$7,231 for the years ended June 30, 2020 and June 30, 2019, respectively.

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 10—Pension Plans: (Continued)

Net Pension Liability (Asset)

The net pension liability (NPL) 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 liabilities were measured as of June 30, 2019. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2018, and rolled forward to the measurement date of June 30, 2019.

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

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

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 CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 10—Pension Plans: (Continued)

Actuarial Assumptions - General Employees (Continued)

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in 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, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

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

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 10—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, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study 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%

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 10—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)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	3.00%	6.29%	0.19%
Total	100.00%		5.13%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.63%

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

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, 2019, 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, 2019, the rate contributed by the school division for the VRS Teacher Retirement Plan was subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2019 on, participating employers and school divisions are assumed to continue to contribute 100% of the

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 10—Pension Plans: (Continued)

Discount Rate (Continued)

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 (Asset)

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2018	\$ 14,269,679	\$ 13,408,599	\$ 861,080
Changes for the year:			
Service cost	\$ 369,121	\$ -	\$ 369,121
Interest	981,023	-	981,023
Assumption changes	465,961	-	465,961
Differences between expected and actual experience	201,760	-	201,760
Contributions - employer	-	270,220	(270,220)
Contributions - employee	-	163,250	(163,250)
Net investment income	-	898,241	(898,241)
Benefit payments, including refunds of employee contributions	(510,132)	(510,132)	-
Administrative expenses	-	(8,720)	8,720
Other changes	-	(568)	568
Net changes	\$ 1,507,733	\$ 812,291	\$ 695,442
Balances at June 30, 2019	\$ 15,777,412	\$ 14,220,890	\$ 1,556,522

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 10—Pension Plans: (Continued)

Changes in Net Pension Liability (Asset) (Continued)

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) Liability (a) - (b)
Balances at June 30, 2018	\$ 2,788,440	\$ 3,322,600	\$ (534,160)
Changes for the year:			
Service cost	\$ 70,391	\$ -	\$ 70,391
Interest	190,940	-	190,940
Assumption changes	78,663	-	78,663
Differences between expected and actual experience	(109,281)	-	(109,281)
Contributions - employer	-	7,572	(7,572)
Contributions - employee	-	32,738	(32,738)
Net investment income	-	219,878	(219,878)
Benefit payments, including refunds of employee contributions	(121,444)	(121,444)	-
Administrative expenses	-	(2,207)	2,207
Other changes	-	(138)	138
Net changes	\$ 109,269	\$ 136,399	\$ (27,130)
Balances at June 30, 2019	\$ 2,897,709	\$ 3,458,999	\$ (561,290)

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		
	(5.75%)	(6.75%)	(7.75%)
County			
Net Pension Liability (Asset)	\$ 3,654,693	\$ 1,556,522	\$ (115,197)
Component Unit School Board (nonprofessional)			
Net Pension Liability (Asset)	\$ (220,755)	\$ (561,290)	\$ (835,656)

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 10—Pension Plans: (Continued)

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

For the year ended June 30, 2020, the County and Component Unit School Board (nonprofessional) recognized pension expense of \$398,557 and \$(5,888), respectively. At June 30, 2020, 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	\$ 137,505	\$ 88,344	\$ 122	\$ 66,257
Change of assumptions	320,068	-	47,693	-
Net difference between projected and actual earnings on pension plan investments	-	119,351	-	30,016
Change in proportionate share	17,857	17,857	-	-
Employer contributions subsequent to the measurement date	269,354	-	6,993	-
Total	\$ 744,784	\$ 225,552	\$ 54,808	\$ 96,273

\$269,354 and \$6,993 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 (Asset) in the fiscal year ending June 30, 2021. 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)
2021	\$	129,984	\$ (12,866)
2022		85,282	(36,833)
2023		27,143	(717)
2024		7,469	1,958
Thereafter		-	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 10—Pension Plan: (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 as a result of funding provided to political subdivisions 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, 2020 was 15.68% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$1,190,332 and \$1,124,004 for the years ended June 30, 2020 and June 30, 2019, respectively.

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

At June 30, 2020, the school division reported a liability of \$11,547,440 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2019 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2018, and rolled forward to the measurement date of June 30, 2019. 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, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the school division's proportion was 0.09530% as compared to 0.09593% at June 30, 2018.

For the year ended June 30, 2020, the school division recognized pension expense of \$1,183,217. 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.

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COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 10—Pension Plans: (Continued)

Component Unit School Board (professional) (Continued)

At June 30, 2020, 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	\$ -	\$ 253,554
Change in assumptions	1,143,467	-
Net difference between projected and actual earnings on pension plan investments	-	739,432
Changes in proportion and differences between employer contributions and proportionate share of contributions	78,892	613,260
Employer contributions subsequent to the measurement date	<u>1,190,332</u>	<u>-</u>
Total	<u>\$ 2,412,691</u>	<u>\$ 1,606,246</u>

\$1,190,332 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30</u>	
2021	\$ (121,497)
2022	(398,283)
2023	(53,356)
2024	103,185
2025	86,064

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 10—Pension Plans: (Continued)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions (Continued)

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

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

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 10—Pension Plans: (Continued)

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2019, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

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

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

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

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

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

	<u>Rate</u>		
	<u>(5.75%)</u>	<u>(6.75%)</u>	<u>(7.75%)</u>
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset)	\$ 17,383,913	\$ 11,547,440	\$ 6,721,756

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 10—Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Aggregate Pension Information

	Primary Government				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	\$ 744,784	\$ 225,552	\$ 1,556,522	\$ 398,557	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	54,808	96,273	(561,290)	(5,888)
School Board Professional	-	-	-	-	2,412,691	1,606,246	11,547,440	1,183,217
Totals	<u>\$ 744,784</u>	<u>\$ 225,552</u>	<u>\$ 1,556,522</u>	<u>\$ 398,557</u>	<u>\$ 2,467,499</u>	<u>\$ 1,702,519</u>	<u>\$ 10,986,150</u>	<u>\$ 1,177,329</u>

Note 11—Risk Management:

The County is exposed to various risks of loss related to tort; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries insurance.

The County is a member of the Virginia Municipal Group Self Insurance Association for workers' compensation. This program is administered by a servicing contractor, which furnishes claims review and processing.

Each Association member jointly and severally agrees to assume, pay and discharge any liability. The County pays Virginia Municipal Group contributions and assessments based upon classifications and rates into a designated cash reserve fund out of which expenses of the Association and claims and awards are to be paid. In the event of a loss deficit and depletion of all available excess insurance, the Association may assess all members in the proportion which the premium of each bears to the total premiums of all members in the year in which such deficit occurs.

The County continues to carry commercial insurance for all other risks of losses. During the last three fiscal years, settled claims from these risks have not exceeded commercial coverage.

Note 12—Litigation:

At June 30, 2020, there were no matters of litigation involving the County or which would materially affect the County's financial position should any court decisions on pending matters not be favorable.

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 13—Surety Bond Information:

	<u>Amount</u>
Fidelity and Deposit Company of Maryland - Surety	
Deidre Martin, Clerk of the Circuit Court	\$ 25,000
L.O. Pfeiffer, Jr., Treasurer	300,000
Julie Phillips, Commissioner of the Revenue	3,000
Darrell Hodges, Sheriff	30,000
All Treasurer's office employees - blanket bond	50,000
Chip Jones, Superintendent of Schools	10,000
Clerk of the School Board	10,000
Board of Supervisors	10,000

Note 14—Group Life Insurance (GLI) Plan (OPEB Plan):

Plan Description

The Group Life Insurance (GLI) Plan was established pursuant to §51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent employees of the state agencies, teachers, and employees of participating political subdivisions are automatically covered by the VRS GLI Plan upon employment. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

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

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

Eligible Employees

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

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following accidental dismemberment benefit, safety belt benefit, repatriation benefit, felonious assault benefit, and

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Mote 14—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Benefit Amounts (Continued)

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 \$8,463 as of June 30, 2020.

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 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% x 60%) and the employer component was 0.52% (1.31% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2020 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Plan from the County were \$17,722 and \$17,714 for the years ended June 30, 2020 and June 30, 2019, respectively.

Contributions to the GLI Plan from the Component Unit School Board professional group were \$41,077 and \$38,736 for the years ended June 30, 2020 and June 30, 2019, respectively. Contributions to the Group Life Insurance Plan from the Component Unit School Board nonprofessional group were \$3,731 and \$3,517 for the years ended June 30, 2020 and June 30, 2019, respectively.

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

At June 30, 2020, the County reported a liability of \$282,818 for its proportionate share of the Net GLI OPEB Liability. The Component Unit School Board professional and nonprofessional groups reported liabilities of \$615,011 and \$56,140, respectively, for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2019 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, 2018, and rolled forward to the measurement date of June 30, 2019. 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, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the County's proportion was 0.01738% as compared to 0.01781% at June 30, 2018. At June 30, 2019, the Component Unit School Board professional and nonprofessional groups' proportion was 0.04081% and 0.00345%, respectively as compared to 0.04069% and 0.00360% respectively at June 30, 2018.

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 14—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)

For the year ended June 30, 2020, the County recognized GLI OPEB expense of \$5,472. For the year ended June 30, 2020, the Component Unit School Board professional group recognized GLI OPEB expense of \$8,292. For the year ended June 30, 2020, the Component Unit School Board nonprofessional group recognized GLI OPEB expense of \$924. 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.

At June 30, 2020, 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	\$ 18,809	\$ 3,669	\$ 40,901	\$ 7,978	\$ 3,734	\$ 728
Net difference between projected and actual earnings on GLI OPEB plan investments	-	5,809	-	12,633	-	1,153
Change in assumptions	17,856	8,528	38,829	18,545	3,544	1,693
Changes in proportion	-	5,738	4,355	30,912	-	2,001
Employer contributions subsequent to the measurement date	17,722	-	41,077	-	3,731	-
Total	\$ 54,387	\$ 23,744	\$ 125,162	\$ 70,068	\$ 11,009	\$ 5,575

\$17,722, \$41,077 and \$3,731, 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, 2021. 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:

Year Ended June 30	Primary Government	Component Unit School Board (professional)	Component Unit School Board (nonprofessional)
2021	\$ (63)	\$ (3,744)	\$ (175)
2022	(63)	(3,743)	(175)
2023	2,398	1,607	314
2024	4,643	6,032	759
2025	4,743	10,250	779
Thereafter	1,263	3,615	201

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 14—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, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019. The assumptions include several employer groups as noted below. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS CAFR.

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

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

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 14—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates - Teachers (Continued)

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in 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%

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 2020; males set forward 2 years, 110% of rates; females 125% of rates.

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 14—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates - Non-Largest Ten Locality Employers - General Employees (Continued)

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in 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%

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 2020; males set forward 2 years; unisex using 100% male.

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 14—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, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study 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 program'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, 2019, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

		GLI OPEB Plan
Total GLI OPEB Liability	\$	3,390,238
Plan Fiduciary Net Position		1,762,972
Employers' Net GLI OPEB Liability (Asset)	\$	<u>1,627,266</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		52.00%

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 CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 14—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)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	3.00%	6.29%	0.19%
Total	100.00%		5.13%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.63%

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

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, 2019, 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, 2019 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 CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 14—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 (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
County's proportionate share of the GLI Plan Net OPEB Liability	\$ 371,545	\$ 282,818	\$ 210,863
Component School Board (professional)'s proportionate share of the GLI Plan Net OPEB Liability	807,955	615,011	458,540
Component School Board (nonprofessional)'s proportionate share of the GLI Plan Net OPEB Liability	73,753	56,140	41,857

GLI Plan Fiduciary Net Position

Detailed information about the Group Life Insurance Program's Fiduciary Net Position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 15—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 CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

Plan Description (Continued)

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

Eligible Employees

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

Benefit Amounts

The Teacher Employee HIC Plan is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired teachers. For Teacher and other professional school employees who retire with at least 15 years of service credit, the monthly benefit is \$4.00 per year of service per month with no cap on the benefit amount. For Teacher and other professional school employees who retire on disability or go on long-term disability under the Virginia Local Disability 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 as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2020 was 1.19% 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, 2017. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee HIC Plan were \$94,252 and \$88,858 for the years ended June 30, 2020 and June 30, 2019, 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, 2020, the school division reported a liability of \$1,149,847 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, 2019 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, 2018, and rolled forward to the measurement date of June 30, 2019. 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, 2019.

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 15—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)

relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the school division's proportion of the VRS Teacher Employee HIC was 0.09539% as compared to 0.09568% at June 30, 2018.

For the year ended June 30, 2020, the school division recognized VRS Teacher Employee HIC OPEB expense of \$84,329. 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.

At June 30, 2020, 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 \$	-	\$ 6,513
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	73	-
Change of assumptions	26,762	7,990
Change in proportion	-	57,611
Employer contributions subsequent to the measurement date	<u>94,252</u>	<u>-</u>
Total	<u>\$ 121,087</u>	<u>\$ 72,114</u>

\$94,252 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, 2021. 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>	
2021	\$ (9,216)
2022	(9,217)
2023	(8,714)
2024	(8,882)
2025	(8,368)
Thereafter	(882)

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 15—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, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

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 market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of 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, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study 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 CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 15—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, 2019, 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	\$	1,438,114
Plan Fiduciary Net Position		129,016
Teacher Employee net HIC OPEB Liability (Asset)	\$	1,309,098
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability		8.97%

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.

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COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

Long-Term Expected Rate of Return

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

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return*</u>
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	3.00%	6.29%	0.19%
Total	<u>100.00%</u>		<u>5.13%</u>
		Inflation	<u>2.50%</u>
		Expected arithmetic nominal return*	<u>7.63%</u>

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

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, 2019, 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, 2019 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.

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

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	\$ 1,286,874	\$ 1,149,847	\$ 1,033,442

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 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 16 - 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.

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, 2020 was \$5,387.

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 17—Summary of Other Postemployment Benefit Plans:

Aggregate OPEB Information

	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
RS OPEB Plans:				
Group Life Insurance Program (Note 14):				
County	\$ 54,387	\$ 23,744	\$ 282,818	\$ 5,472
School Board Nonprofessional	11,009	5,575	56,140	924
School Board Professional	125,162	70,068	615,011	8,292
Teacher Health Insurance Credit Program (Note 15)	121,087	72,114	1,149,847	84,329
Totals	<u>\$ 311,645</u>	<u>\$ 171,501</u>	<u>\$ 2,103,816</u>	<u>\$ 99,017</u>

Note 18—Landfill Closure and Post Closure Care Cost:

State and federal laws and regulations require the County to place a final cover on its landfills when closed and to perform certain maintenance and monitoring functions at the landfill sites after closure. The County will also incur the estimated total closure and post closure cost of \$10,481 over the next six years. All amounts recognized are based on what it would cost to perform all closure and post closure care at year-end. Actual cost may be higher due to inflation. If these estimates are inadequate or additional post closure requirements are determined (due to changes in technology or regulations, for example), these cost may need to be covered by charges to future landfill users or taxpayers. The County has demonstrated financial assurance requirements for closure, post closure care, and corrective action costs through the submission of a Local Government Financial Test to the Virginia Department of Environmental Quality in accordance with Section 9VAC20-70 of the Virginia Administrative Code.

Note 19—Commitments and Contingencies:

Federal programs in which the County and its component unit participate were audited in accordance with the provisions of Title 2 U.S. Code of Federal Regulations 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. 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 20 - Subsequent Events:

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency stemming from a new strain of coronavirus that was spreading globally (the "COVID-19 outbreak"). On March 11, 2020, the WHO classified the COVID-19 outbreak as a pandemic, triggering volatility in financial markets and a significant negative impact on the global economy. The COVID-19 pandemic has developed rapidly in 2020 and remains a quickly evolving situation. As a result of the spread of COVID-19, economic uncertainties have arisen which are likely to negatively impact economic activity. County of Cumberland, Virginia is not able to estimate the effects of the COVID-19 pandemic for fiscal year 2021.

COUNTY OF CUMBERLAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 20 - Subsequent Events: (Continued)

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. Among the CARES Act key provisions was \$339.8 billion designated for programs for state and local government, which included \$150 billion in direct aid for state and local governments from the federal Coronavirus Relief Fund (CRF), pursuant to the federal CARES Act, to address spending shortages related to the COVID-19 pandemic.

The Commonwealth of Virginia received approximately \$3.1 billion from the CRF, of which \$1.3 billion was allocated for localities with fewer than 500,000 people. Localities with populations greater than 500,000 could apply to receive funds directly. All other CRF funds were distributed to the states to determine the allocations to localities.

On May 12, 2020, the first round of the allocations to local governments was authorized by the Commonwealth. On June 1, 2020, each locality received its share of the first half, or fifty (50) percent, of the locally based allocations. Unspent funds at June 30 from the initial allocation are reported as unearned revenue. Like the first round, the second round of allocations was based on population and was for the same total amount distributed in the first round. County of Cumberland, Virginia, received the second round of CRF funds in the amount of \$866,529 on August 13, 2020.

The federal guidance for the CARES Act states that the CRF funds can be used only for the direct costs associated with the response to the COVID-19 pandemic and cannot be used to address revenue shortfalls. CRF funds are considered one-time funds and should not be used for ongoing services or base operations. As a condition of receiving CRF funds, any funds unexpended as of December 30, 2020 will be returned to the federal government.

REQUIRED SUPPLEMENTARY INFORMATION

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Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget and Actual - General Fund
 For the Year Ended June 30, 2020

	General Fund			Variance With Amended Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Revenues:				
General property taxes	\$ 9,371,500	\$ 9,371,500	\$ 9,975,711	\$ 604,211
Other local taxes	1,145,500	1,145,500	1,268,451	122,951
Permits, privilege fees and regulatory licenses	92,900	92,900	98,319	5,419
Fines and forfeitures	150,000	150,000	81,157	(68,843)
Revenue from use of money and property	93,500	95,520	86,762	(8,758)
Charges for services	823,160	825,824	633,864	(191,960)
Miscellaneous	42,000	67,992	49,328	(18,664)
Intergovernmental:				
Henrico County	1,131,900	1,131,900	1,131,900	-
Commonwealth	4,248,542	4,526,552	3,999,459	(527,093)
Federal	311,146	322,164	989,861	667,697
Total revenues	\$ 17,410,148	\$ 17,729,852	\$ 18,314,812	\$ 584,960
Expenditures:				
Current:				
General government administration	\$ 1,699,961	\$ 1,765,783	\$ 1,633,092	\$ 132,691
Judicial administration	553,567	562,545	470,031	92,514
Public safety	3,271,289	3,403,284	3,231,056	172,228
Public works	1,717,875	1,761,678	1,717,501	44,177
Health and welfare	2,672,632	2,754,984	2,669,642	85,342
Education	3,919,419	3,919,419	3,655,524	263,895
Parks, recreation, and cultural	185,280	185,280	168,712	16,568
Community development	266,069	309,240	297,371	11,869
Nondepartmental	17,500	17,500	6,472	11,028
Debt service:				
Principal retirement	1,978,231	5,038,231	5,061,453	(23,222)
Interest and other fiscal charges	1,128,325	1,128,325	1,121,258	7,067
Total expenditures	\$ 17,410,148	\$ 20,846,269	\$ 20,032,112	\$ 814,157
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (3,116,417)	\$ (1,717,300)	\$ 1,399,117
Other financing sources (uses):				
Issuance of refunding bonds	\$ -	\$ 3,060,000	\$ 3,060,000	\$ -
Transfers (out)	-	(728)	(728)	-
Total other financing sources (uses)	\$ -	\$ 3,059,272	\$ 3,059,272	\$ -
Net change in fund balance	\$ -	\$ (57,145)	\$ 1,341,972	\$ 1,399,117
Fund balance at beginning of year	-	57,145	5,745,126	5,687,981
Fund balance at end of year	\$ -	\$ -	\$ 7,087,098	\$ 7,087,098

COUNTY OF CUMBERLAND, VIRGINIA

Schedule of Changes in Net Pension Liability and Related Ratios -

Primary Government

Pension Plans

For the Measurement Dates of June 30, 2014 through June 30, 2019

	2019	2018
Total pension liability		
Service cost	\$ 369,121	\$ 362,667
Interest	981,023	933,127
Changes of assumptions	465,961	-
Differences between expected and actual experience	201,760	(57,125)
Benefit payments	(510,132)	(598,750)
Net change in total pension liability	\$ 1,507,733	\$ 639,919
Total pension liability - beginning	14,269,679	13,629,760
Total pension liability - ending (a)	<u>\$ 15,777,412</u>	<u>\$ 14,269,679</u>
Plan fiduciary net position		
Contributions - employer	\$ 270,220	\$ 317,501
Contributions - employee	163,250	164,944
Net investment income	898,241	928,489
Benefit payments	(510,132)	(598,750)
Administrator charges	(8,720)	(7,934)
Other	(568)	(832)
Net change in plan fiduciary net position	\$ 812,291	\$ 803,418
Plan fiduciary net position - beginning	13,408,599	12,605,181
Plan fiduciary net position - ending (b)	<u>\$ 14,220,890</u>	<u>\$ 13,408,599</u>
County's net pension liability - ending (a) - (b)	\$ 1,556,522	\$ 861,080
Plan fiduciary net position as a percentage of the total pension liability	90.13%	93.97%
Covered payroll	\$ 3,366,412	\$ 3,386,248
County's net pension liability as a percentage of covered payroll	46.24%	25.43%

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

	2017	2016	2015	2014
\$	363,229	\$ 367,059	\$ 357,908	\$ 352,993
	911,967	857,886	795,647	755,446
	16,935	-	-	-
	(436,805)	58,650	239,099	-
	(507,340)	(514,676)	(492,362)	(575,920)
\$	347,986	\$ 768,919	\$ 900,292	\$ 532,519
	13,281,774	12,512,855	11,612,563	11,080,044
\$	<u>13,629,760</u>	<u>13,281,774</u>	<u>12,512,855</u>	<u>11,612,563</u>
\$	305,607	\$ 306,917	\$ 303,955	\$ 341,947
	166,588	158,417	156,837	152,078
	1,375,517	196,283	489,630	1,460,970
	(507,340)	(514,676)	(492,362)	(575,920)
	(7,803)	(6,872)	(6,637)	(7,868)
	(1,232)	(83)	(103)	77
\$	1,331,337	\$ 139,986	\$ 451,320	\$ 1,371,284
	11,273,844	11,133,858	10,682,538	9,311,254
\$	<u>12,605,181</u>	<u>11,273,844</u>	<u>11,133,858</u>	<u>10,682,538</u>
\$	1,024,579	\$ 2,007,930	\$ 1,378,997	\$ 930,025
	92.48%	84.88%	88.98%	91.99%
\$	3,241,811	\$ 3,183,996	\$ 3,132,238	\$ 3,034,140
	31.61%	63.06%	44.03%	30.65%

COUNTY OF CUMBERLAND, VIRGINIA

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios -
 Component Unit School Board (nonprofessional)
 Pension Plans
 For the Measurement Dates of June 30, 2014 through June 30, 2019

	2019	2018
Total pension liability		
Service cost	\$ 70,391	\$ 68,704
Interest	190,940	181,168
Changes of assumptions	78,663	-
Differences between expected and actual experience	(109,281)	530
Benefit payments	(121,444)	(100,141)
Net change in total pension liability	\$ 109,269	\$ 150,261
Total pension liability - beginning	2,788,440	2,638,179
Total pension liability - ending (a)	<u>\$ 2,897,709</u>	<u>\$ 2,788,440</u>
Plan fiduciary net position		
Contributions - employer	\$ 7,572	\$ 17,078
Contributions - employee	32,738	33,113
Net investment income	219,878	231,556
Benefit payments	(121,444)	(100,141)
Administrator charges	(2,207)	(2,001)
Other	(138)	(206)
Net change in plan fiduciary net position	\$ 136,399	\$ 179,399
Plan fiduciary net position - beginning	3,322,600	3,143,201
Plan fiduciary net position - ending (b)	<u>\$ 3,458,999</u>	<u>\$ 3,322,600</u>
School Division's net pension liability (asset) - ending (a) - (b)	\$ (561,290)	\$ (534,160)
Plan fiduciary net position as a percentage of the total pension liability	119.37%	119.16%
Covered payroll	\$ 676,392	\$ 683,891
School Division's net pension liability (asset) as a percentage of covered payroll	-82.98%	-78.11%

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

	2017	2016	2015	2014
\$	74,760	\$ 75,961	\$ 80,101	\$ 82,791
	172,661	169,820	159,638	150,317
	(11,480)	-	-	-
	(18,587)	(109,876)	5,173	-
	(91,510)	(99,132)	(99,786)	(100,104)
\$	125,844	\$ 36,773	\$ 145,126	\$ 133,004
	2,512,335	2,475,562	2,330,436	2,197,432
\$	<u>2,638,179</u>	<u>2,512,335</u>	<u>2,475,562</u>	<u>2,330,436</u>
\$	17,630	\$ 38,186	\$ 38,806	\$ 38,406
	33,609	33,819	34,418	34,781
	345,385	49,420	124,689	374,177
	(91,510)	(99,132)	(99,786)	(100,104)
	(1,994)	(1,754)	(1,709)	(2,023)
	(307)	(21)	(25)	19
\$	302,813	\$ 20,518	\$ 96,393	\$ 345,256
	2,840,388	2,819,870	2,723,477	2,378,221
\$	<u>3,143,201</u>	<u>2,840,388</u>	<u>2,819,870</u>	<u>2,723,477</u>
\$	(505,022)	\$ (328,053)	\$ (344,308)	\$ (393,041)
	119.14%	113.06%	113.91%	116.87%
\$	690,599	\$ 693,284	\$ 696,646	\$ 695,620
	-73.13%	-47.32%	-49.42%	-56.50%

COUNTY OF CUMBERLAND, VIRGINIA

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

Pension Plans

For the Measurement Dates of June 30, 2014 through June 30, 2019

	2019	2018
Employer's Proportion of the Net Pension Liability (Asset)	0.09530%	0.09593%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 11,547,440	\$ 10,456,093
Employer's Covered Payroll	7,493,922	7,082,218
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	154.09%	147.64%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	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 14

	2017	2016	2015	2014
	0.10205%	10.21000%	0.10414%	0.09699%
\$	11,632,195	\$ 13,267,119	\$ 12,299,670	\$ 11,721,000
	7,514,491	7,834,253	7,538,428	7,075,901
	154.80%	169.35%	163.16%	165.65%
	72.92%	68.28%	70.68%	70.88%

Schedule of Employer Contributions -
Pension Plans

For the Years Ended June 30, 2011 through June 30, 2020

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					
2020	\$ 269,354	\$ 269,354	\$ -	\$ 3,387,618	7.95%
2019	270,178	270,178	-	3,366,412	8.03%
2018	317,500	317,500	-	3,386,248	9.38%
2017	305,607	305,607	-	3,241,811	9.43%
2016	310,440	310,440	-	3,183,996	9.75%
2015	305,393	305,393	-	3,132,238	9.75%
2014	342,251	342,251	-	3,034,140	11.28%
2013	355,515	355,515	-	3,151,733	11.28%
2012	271,268	271,268	-	2,984,250	9.09%
2011	261,393	261,393	-	2,875,613	9.09%
Component Unit School Board (nonprofessional)					
2020	\$ 6,993	\$ 6,993	\$ -	\$ 717,411	0.97%
2019	7,231	7,231	-	676,392	1.07%
2018	17,079	17,079	-	683,891	2.50%
2017	17,630	17,630	-	690,599	2.55%
2016	39,032	39,032	-	693,284	5.63%
2015	39,221	39,221	-	696,646	5.63%
2014	42,781	42,781	-	695,620	6.15%
2013	43,647	43,647	-	709,705	6.15%
2012	37,805	37,805	-	683,627	5.53%
2011	38,136	38,136	-	689,616	5.53%
Component Unit School Board (professional)					
2020	\$ 1,190,332	\$ 1,190,332	\$ -	\$ 7,899,423	15.07%
2019	1,124,004	1,124,004	-	7,493,922	15.00%
2018	1,155,818	1,155,818	-	7,082,218	16.32%
2017	1,101,624	1,101,624	-	7,514,491	14.66%
2016	1,101,496	1,101,496	-	7,834,253	14.06%
2015	1,093,072	1,093,072	-	7,538,428	14.50%
2014	825,062	825,062	-	7,075,901	11.66%
2013	770,332	770,332	-	6,606,621	11.66%
2012	433,633	433,633	-	6,850,442	6.33%
2011	623,853	623,853	-	6,986,035	3.93%

Current year contributions are from Contributions and School Board records and prior year contributions are from the VRS actuarial valuation performed each year.

Notes to Required Supplementary Information -
Pension Plans
Year Ended June 30, 2020

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

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%

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, 2019

Date	Employer's Proportion of the Net GLI OPEB Liability (Asset)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability
(1)	(2)	(3)	(4)	(5)	(6)
Primary Government:					
2019	0.01738%	\$ 282,818	\$ 3,406,576	8.30%	52.00%
2018	0.01781%	271,000	3,386,248	8.00%	51.22%
2017	0.01773%	267,000	3,241,811	8.24%	48.86%
Component Unit School Board (nonprofessional):					
2019	0.00345%	\$ 56,140	\$ 676,392	8.30%	52.00%
2018	0.00360%	55,000	683,891	8.04%	51.22%
2017	0.00374%	56,000	690,599	8.11%	48.86%
Component Unit School Board (professional):					
2019	0.04081%	\$ 615,011	\$ 7,454,473	8.25%	52.00%
2018	0.04069%	575,791	7,082,218	8.13%	51.22%
2017	0.04364%	612,127	7,514,491	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.

Schedule of Employer Contributions -
 Group Life Insurance (GLI) Plan
 Years Ended June 30, 2017 through June 30, 2020

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:					
2020	\$ 17,722	\$ 17,722	\$ -	\$ 3,408,087	0.52%
2019	17,714	17,714	-	3,406,576	0.52%
2018	17,608	17,608	-	3,386,248	0.52%
2017	17,003	17,003	-	3,241,811	0.52%
Component Unit School Board (nonprofessional):					
2020	\$ 3,731	\$ 3,731	\$ -	\$ 717,411	0.52%
2019	3,517	3,517	-	676,392	0.52%
2018	3,556	3,556	-	683,891	0.52%
2017	3,591	3,591	-	690,599	0.52%
Component Unit School Board (professional):					
2020	\$ 41,077	\$ 41,077	\$ -	\$ 7,899,423	0.52%
2019	38,736	38,736	-	7,454,473	0.52%
2018	38,265	38,265	-	7,082,218	0.54%
2017	38,200	38,200	-	7,514,491	0.51%

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

Notes to Required Supplementary Information
 Group Life Insurance (GLI) Plan
 For the Year Ended June 30, 2020

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

Schedule of County 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, 2019

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)
2019	0.09539% \$	1,149,847 \$	7,405,667	15.53%	8.97%
2018	0.09568%	1,124,604	7,082,218	15.88%	8.08%
2017	0.10200%	1,197,726	7,514,491	15.94%	7.04%

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

Schedule of Employer Contributions -
Teacher Employee Health Insurance Credit (HIC) Plan
Years Ended June 30, 2017 through June 30, 2020

Date	Contributions in Relation to			Employer's Covered Payroll	Contributions as a % of Covered Payroll
	Contractually Required Contribution	Contractually Required Contribution	Contribution Deficiency (Excess)		
	(1)	(2)	(3)	(4)	(5)
2020	\$ 94,252	\$ 94,252	\$ -	\$ 7,854,333	1.20%
2019	88,858	88,858	-	7,405,667	1.20%
2018	88,661	88,661	-	7,082,218	1.25%
2017	82,378	82,378	-	7,514,491	1.10%

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

Notes to Required Supplementary Information -
 Teacher Employee Health Insurance Credit (HIC) Plan
 For the Year Ended June 30, 2020

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

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OTHER SUPPLEMENTARY INFORMATION

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Combining Statement of Fiduciary Net Position -
Agency Funds
June 30, 2020

	Agency Funds					Totals
	Special Welfare Fund	Erosion and Sediment Control Bond Escrow Fund	Health Insurance Fund	Sheriff's Forfeiture Fund	The Governor's School of Southside Virginia	
ASSETS						
Cash and cash equivalents	\$ 17,729	\$ 3,002	\$ -	\$ 73,768	\$ 949,531	\$ 1,044,030
Prepaid items	-	-	-	-	11,025	11,025
Accounts receivable	-	-	-	-	25,709	25,709
Total assets	<u>\$ 17,729</u>	<u>\$ 3,002</u>	<u>\$ -</u>	<u>\$ 73,768</u>	<u>\$ 986,265</u>	<u>\$ 1,080,764</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 5,072	\$ 5,072
Accrued liabilities	-	-	-	-	41,314	41,314
Amounts held for sheriff	-	-	-	73,768	-	73,768
Amounts held for others	-	3,002	-	-	939,879	942,881
Amounts held for social services clients	<u>17,729</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,729</u>
Total liabilities	<u>\$ 17,729</u>	<u>\$ 3,002</u>	<u>\$ -</u>	<u>\$ 73,768</u>	<u>\$ 986,265</u>	<u>\$ 1,080,764</u>

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

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Special Welfare Fund:				
Assets:				
Cash and cash equivalents	\$ <u>15,505</u>	\$ <u>15,674</u>	\$ <u>13,450</u>	\$ <u>17,729</u>
Liabilities:				
Amounts held for social service clients	\$ <u>15,505</u>	\$ <u>15,674</u>	\$ <u>13,450</u>	\$ <u>17,729</u>
Sheriff's Forfeiture Fund:				
Assets:				
Cash and cash equivalents	\$ <u>79,791</u>	\$ <u>6,466</u>	\$ <u>12,489</u>	\$ <u>73,768</u>
Liabilities:				
Amounts held for sheriff	\$ <u>79,791</u>	\$ <u>6,466</u>	\$ <u>12,489</u>	\$ <u>73,768</u>
Erosion and Sediment Control Bond Escrow Fund:				
Assets:				
Cash and cash equivalents	\$ <u>-</u>	\$ <u>3,002</u>	\$ <u>-</u>	\$ <u>3,002</u>
Liabilities:				
Amounts held for others	\$ <u>-</u>	\$ <u>3,002</u>	\$ <u>-</u>	\$ <u>3,002</u>
The Governor's School of Southside Virginia:				
Assets:				
Cash and cash equivalents	\$ 1,053,511	\$ 1,037,164	\$ 1,141,144	\$ 949,531
Prepaid items	-	11,025	0	11,025
Accounts receivable	<u>25,955</u>	<u>25,709</u>	<u>25,955</u>	<u>25,709</u>
Total assets	\$ <u>1,079,466</u>	\$ <u>1,073,898</u>	\$ <u>1,167,099</u>	\$ <u>986,265</u>
Liabilities:				
Accounts payable	\$ -	\$ 5,072	\$ -	\$ 5,072
Accrued liabilities	32,386	41,314	32,386	41,314
Unearned revenue	177,201	-	177,201	-
Amounts held for others	<u>869,879</u>	<u>1,027,512</u>	<u>957,512</u>	<u>939,879</u>
Total liabilities	\$ <u>1,079,466</u>	\$ <u>1,073,898</u>	\$ <u>1,167,099</u>	\$ <u>986,265</u>

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

Totals -- All agency funds

Assets:

Cash and cash equivalents	\$ 1,148,807	\$ 1,062,306	\$ 1,167,083	\$ 1,044,030
Prepaid items	-	11,025	-	11,025
Accounts receivable	25,955	25,709	25,955	25,709
Total assets	<u>\$ 1,174,762</u>	<u>\$ 1,099,040</u>	<u>\$ 1,193,038</u>	<u>\$ 1,080,764</u>

Liabilities:

Accounts payable	\$ -	\$ 5,072	\$ -	\$ 5,072
Accrued liabilities	32,386	41,314	32,386	41,314
Unearned revenue	177,201	-	177,201	-
Amounts held for social service clients	15,505	15,674	13,450	17,729
Amounts held for others	869,879	1,030,514	957,512	942,881
Amounts held for sheriff	79,791	6,466	12,489	73,768
Total liabilities	<u>\$ 1,174,762</u>	<u>\$ 1,099,040</u>	<u>\$ 1,193,038</u>	<u>\$ 1,080,764</u>

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*DISCRETELY PRESENTED COMPONENT UNIT
SCHOOL BOARD*

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

	School Operating	School Cafeteria	Total
ASSETS			
Cash and cash equivalents	\$ 769,357	\$ 87,002	\$ 856,359
Prepaid items	80,071	-	80,071
Due from other governmental units	570,057	-	570,057
Total assets	<u>\$ 1,419,485</u>	<u>\$ 87,002</u>	<u>\$ 1,506,487</u>
LIABILITIES			
Accounts payable	\$ 25,735	\$ -	\$ 25,735
Accrued liabilities	769,357	-	769,357
Unearned revenue	251,801	-	251,801
Due to primary government	292,521	-	292,521
Total liabilities	<u>\$ 1,339,414</u>	<u>\$ -</u>	<u>\$ 1,339,414</u>
FUND BALANCES			
Nonspendable:			
Prepaid items	\$ 80,071	\$ -	\$ 80,071
Restricted:			
Special Revenue	-	87,002	87,002
Total fund balances	<u>\$ 80,071</u>	<u>\$ 87,002</u>	<u>\$ 167,073</u>

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

Total fund balances per above	\$ 167,073
-------------------------------	------------

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

Capital assets, cost	\$ 21,378,348	
Accumulated depreciation	(9,256,721)	12,121,627

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

Net pension asset	561,290
-------------------	---------

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

Pension related items	\$ 2,467,499	
OPEB related items	257,258	2,724,757

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

Compensated absences	\$ (495,160)	
Ameresco performance contract	(512,885)	
Net pension liability	(11,547,440)	
Net OPEB liabilities	(1,820,998)	(14,376,483)

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

Pension related items	\$ (1,702,519)	
OPEB related items	(147,757)	(1,850,276)

Net position of General Government Activities	\$ (652,012)
---	--------------

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

	School Operating	School Cafeteria	Total
Revenues:			
Charges for services	\$ -	\$ 40,642	\$ 40,642
Miscellaneous	524,053	106,432	630,485
Intergovernmental:			
County contribution to School Board	3,649,931	-	3,649,931
Commonwealth	10,029,749	-	10,029,749
Federal	1,750,072	-	1,750,072
Total revenues	\$ 15,953,805	\$ 147,074	\$ 16,100,879
Expenditures:			
Education	\$ 15,141,672	\$ 921,311	\$ 16,062,983
Total expenditures	\$ 15,141,672	\$ 921,311	\$ 16,062,983
Excess (deficiency) of revenues over (under) expenditures	\$ 812,133	\$ (774,237)	\$ 37,896
Other financing sources (uses):			
Transfers in	\$ -	\$ 732,062	\$ 732,062
Transfers (out)	(732,062)	-	(732,062)
Total other financing sources (uses)	\$ (732,062)	\$ 732,062	\$ -
Net change in fund balances	\$ 80,071	\$ (42,175)	\$ 37,896
Fund balance at beginning of year	-	129,177	129,177
Fund balance at end of year	\$ 80,071	\$ 87,002	\$ 167,073

Reconciliation of Statement of Revenues,
Expenditures, and Changes in Fund Balances
To the Statement of Activities -
Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2020

		Component Unit School Board
<hr/>		
Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds	\$	37,896
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the depreciation expense exceeds capital outlays in the current period.		
Capital outlay	\$ 169,339	
Depreciation expense	(640,901)	
Transfer of joint tenancy assets to Component Unit School Board from Primary Government	<u>637,367</u>	165,805
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.		
Principal retired on Ameresco performance contract		127,730
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	\$ 99,235	
OPEB expense	54,944	
Change in compensated absences	<u>(145,282)</u>	<u>8,897</u>
Change in net position of governmental activities	\$	<u><u>340,328</u></u>

Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget and Actual -
 Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2020

	School Operating Fund			Variance With Amended Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Revenues:				
Miscellaneous	\$ 145,199	\$ 469,583	\$ 524,053	\$ 54,470
Intergovernmental:				
County contribution to School Board	3,905,419	3,905,419	3,649,931	(255,488)
Commonwealth	10,199,626	10,497,630	10,029,749	(467,881)
Federal	1,663,247	1,716,510	1,750,072	33,562
Total revenues	\$ 15,913,491	\$ 16,589,142	\$ 15,953,805	\$ (635,337)
Expenditures:				
Education	\$ 15,236,337	\$ 15,911,988	\$ 15,141,672	\$ 770,316
Total expenditures	\$ 15,236,337	\$ 15,911,988	\$ 15,141,672	\$ 770,316
Excess (deficiency) of revenues over (under) expenditures	\$ 677,154	\$ 677,154	\$ 812,133	\$ 134,979
Other financing sources (uses):				
Transfers (out)	(677,154)	(677,154)	(732,062)	(54,908)
Net change in fund balance	\$ -	\$ -	\$ 80,071	\$ -
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ 80,071	\$ -

*DISCRETELY PRESENTED COMPONENT UNIT
INDUSTRIAL DEVELOPMENT AUTHORITY*

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Statement of Net Position

Discretely Presented Component Unit - Industrial Development Authority

June 30, 2020

	<u>Discretely Presented Component Unit - IDA</u>
ASSETS	
Current assets:	
Inventory held for resale	\$ <u>804,005</u>
Total current assets	\$ <u>804,005</u>
Noncurrent assets:	
Restricted assets	\$ 106,631
Capital Assets:	
Land	535,846
Buildings and improvements, net of depreciation	<u>1,281,475</u>
Total noncurrent assets	\$ <u>1,923,952</u>
Total Assets	\$ <u><u>2,727,957</u></u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 5
Due to primary government	291,316
Long-term obligations, current portion	<u>30,577</u>
Total current liabilities	\$ 321,898
Noncurrent liabilities:	
Long-term obligations, noncurrent portion	<u>1,720,716</u>
Total Liabilities	\$ <u>2,042,614</u>
Net Position	
Net investment in capital assets	\$ 66,028
Unrestricted assets	<u>619,315</u>
Total Net Position	\$ <u>685,343</u>
Total Liabilities and Net Position	\$ <u><u>2,727,957</u></u>

Statement of Revenues, Expenses and Changes in Net Position
Discretely Presented Component Unit - Industrial Development Authority
For the Year Ended June 30, 2020

	Discretely Presented Component Unit - IDA
Operating revenues:	
Rent	\$ 47,302
Miscellaneous	125
Total operating revenues	<u>\$ 47,427</u>
Operating expenses:	
Depreciation	\$ 42,643
Other operating expenses	<u>46,720</u>
Total operating expenses	<u>\$ 89,363</u>
Operating income (loss)	<u>\$ (41,936)</u>
Nonoperating revenues (expenses):	
Interest income	\$ 4,082
Interest expense	(72,904)
Contribution from County of Cumberland	<u>106,528</u>
Total nonoperating revenues (expenses)	<u>\$ 37,706</u>
Increase (decrease) in net position	\$ (4,230)
Net position, beginning of year	<u>689,573</u>
Net position, end of year	<u><u>\$ 685,343</u></u>

Statement of Cash Flows -
Discretely Presented Component Unit - Industrial Development Authority
For the Year Ended June 30, 2020

	Discretely Presented Component Unit - IDA
Cash flows from operating activities:	
Receipts from customers and users	\$ 47,427
Payments for operating activities	<u>(46,715)</u>
Net cash provided by (used for) operating activities	\$ <u>712</u>
Cash flows from noncapital financing activities:	
Contribution from County of Cumberland	\$ <u>106,528</u>
Net cash provided by (used for) noncapital financing activities	\$ <u>106,528</u>
Cash flows from capital and related financing activities:	
Retirement of indebtedness	\$ (29,336)
Interest paid on loans	<u>(72,904)</u>
Net cash provided by (used for) capital and related financing activities	\$ <u>(102,240)</u>
Cash flows from investing activities:	
Interest income	\$ <u>4,082</u>
Net cash provided by (used for) investing activities	\$ <u>4,082</u>
Increase (decrease) in cash and cash equivalents	\$ 9,082
Cash and cash equivalents at beginning of year	<u>97,549</u>
Cash and cash equivalents at end of year	\$ <u><u>106,631</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ (41,936)
Adjustments to reconcile net income (loss) to net cash provided by (used for) operating activities:	
Depreciation	42,643
Changes in operating assets and liabilities:	
Increase (decrease) in accounts payable	<u>5</u>
Net cash provided by (used for) operating activities	\$ <u><u>712</u></u>

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SUPPORTING SCHEDULES

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Governmental Funds -
Schedule of Revenues - Budget and Actual
For the Year Ended June 30, 2020

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Primary Government:				
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 5,868,000	\$ 5,868,000	\$ 6,359,522	\$ 491,522
Real and personal public service corporation property taxes	900,000	900,000	847,209	(52,791)
Personal property taxes	2,002,000	2,002,000	2,114,681	112,681
Mobile homes	40,000	40,000	44,285	4,285
Airplane taxes	4,500	4,500	3,538	(962)
Machinery and tools taxes	275,000	275,000	238,438	(36,562)
Penalties	135,000	135,000	129,622	(5,378)
Interest	147,000	147,000	238,416	91,416
Total general property taxes	\$ 9,371,500	\$ 9,371,500	\$ 9,975,711	\$ 604,211
Other local taxes:				
Local sales and use taxes	\$ 500,000	\$ 500,000	\$ 608,467	\$ 108,467
Consumers' utility taxes	180,000	180,000	177,328	(2,672)
Business license taxes	132,000	132,000	110,847	(21,153)
Bank franchise tax	15,000	15,000	7,727	(7,273)
Motor vehicle licenses	245,000	245,000	241,117	(3,883)
Tax on deeds	16,000	16,000	29,420	13,420
Taxes on recordation and wills	57,500	57,500	93,545	36,045
Total other local taxes	\$ 1,145,500	\$ 1,145,500	\$ 1,268,451	\$ 122,951
Permits, privilege fees and regulatory licenses:				
Animal licenses	\$ 8,000	\$ 8,000	\$ 13,983	\$ 5,983
Building and related permits	74,500	74,500	68,533	(5,967)
Transfer fees	400	400	473	73
Land use and other general government fees	7,500	7,500	12,880	5,380
Zoning and other fees	2,500	2,500	2,450	(50)
Total permits, privilege fees and regulatory licenses	\$ 92,900	\$ 92,900	\$ 98,319	\$ 5,419
Fines and Forfeitures:				
Court fines and forfeitures	\$ 150,000	\$ 150,000	\$ 81,157	\$ (68,843)
Total fines and forfeitures	\$ 150,000	\$ 150,000	\$ 81,157	\$ (68,843)
Revenue from use of money and property:				
Revenue from use of money	\$ 60,000	\$ 60,000	\$ 72,049	\$ 12,049
Revenue from use of property	33,500	35,520	14,713	(20,807)
Total revenue from use of money and property	\$ 93,500	\$ 95,520	\$ 86,762	\$ (8,758)

Governmental Funds -
Schedule of Revenues - Budget and Actual
Year Ended June 30, 2020 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Revenue from local sources: (continued)				
Charges for services:				
Sheriff's and other public safety fees	\$ 51,860	\$ 51,860	\$ 38,039	\$ (13,821)
Law library fees	1,500	1,500	1,649	149
DNA analysis fees	-	-	105	105
Courthouse maintenance fees	7,000	7,000	4,481	(2,519)
Jail admission fee	1,000	1,000	2,699	1,699
Courthouse security	34,000	34,000	17,752	(16,248)
Document reproduction fees	3,000	5,664	3,859	(1,805)
Court appointed attorney	1,500	1,500	364	(1,136)
Court clerks	2,000	2,000	1,805	(195)
Commonwealth attorney fees	800	800	824	24
Ambulance and rescue service fees	200,000	200,000	141,392	(58,608)
Sanitation and waste removal fees	-	-	793	793
Host agreement fees	500,000	500,000	400,000	(100,000)
Recreation fees	18,500	18,500	19,102	602
Planning and community development	2,000	2,000	1,000	(1,000)
Total charges for services	\$ 823,160	\$ 825,824	\$ 633,864	\$ (191,960)
Miscellaneous:				
Miscellaneous	\$ 42,000	\$ 67,992	\$ 49,328	\$ (18,664)
Total miscellaneous	\$ 42,000	\$ 67,992	\$ 49,328	\$ (18,664)
Total revenue from local sources	\$ 11,718,560	\$ 11,749,236	\$ 12,193,592	\$ 444,356
Intergovernmental:				
Local government:				
Henrico County - reservoir operation	\$ 1,131,900	\$ 1,131,900	\$ 1,131,900	\$ -
Total local government	\$ 1,131,900	\$ 1,131,900	\$ 1,131,900	\$ -
Revenue from the Commonwealth:				
Payments in lieu of taxes	\$ 40,000	\$ 40,000	\$ 60,323	\$ 20,323
Noncategorical aid:				
Rental tax	\$ 3,500	\$ 3,500	\$ 8,239	\$ 4,739
Mobile home titling taxes	40,000	40,000	41,675	1,675
Tax on deeds	-	-	868	868
Communication taxes	350,000	350,000	317,183	(32,817)
Rolling stock tax	-	-	172	172
Recordation tax	16,000	16,000	19,560	3,560
Animal friendly plates	-	202	202	-
PPTRA	871,735	871,735	871,736	1
Total noncategorical aid	\$ 1,281,235	\$ 1,281,437	\$ 1,259,635	\$ (21,802)

Governmental Funds -
Schedule of Revenues - Budget and Actual
Year Ended June 30, 2020 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (continued)				
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 174,923	\$ 174,923	\$ 171,911	\$ (3,012)
Sheriff	620,277	620,277	618,156	(2,121)
Commissioner of the Revenue	87,248	87,248	86,566	(682)
Treasurer	97,000	97,000	95,739	(1,261)
Registrar/electoral board	36,726	45,169	45,169	-
Clerk of the Circuit Court	158,203	158,203	170,941	12,738
DMV	25,000	25,000	23,556	(1,444)
Total shared expenses	\$ 1,199,377	\$ 1,207,820	\$ 1,212,038	\$ 4,218
Other categorical aid:				
Litter control	\$ -	\$ -	\$ 4,883	\$ 4,883
Fire programs grant	-	-	36,611	36,611
Victim/witness program	71,377	71,377	18,023	(53,354)
E-911 wireless	42,000	42,000	43,106	1,106
Emergency management grant	-	-	3,500	3,500
VITA grant	-	164,470	164,470	-
School resource officer grant	40,992	40,992	50,330	9,338
Building inspection grant	-	-	2,000	2,000
Comprehensive Services Act	575,000	679,895	726,160	46,265
Public assistance and welfare	998,561	998,561	418,380	(580,181)
Total other categorical aid	\$ 1,727,930	\$ 1,997,295	\$ 1,467,463	\$ (529,832)
Total categorical aid	\$ 2,927,307	\$ 3,205,115	\$ 2,679,501	\$ (525,614)
Total revenue from the Commonwealth	\$ 4,248,542	\$ 4,526,552	\$ 3,999,459	\$ (527,093)
Revenue from the Federal Government:				
Noncategorical aid:				
CARES funding	\$ -	\$ 11,018	\$ 173,460	\$ 162,442
Total noncategorical aid	\$ -	\$ 11,018	\$ 173,460	\$ 162,442
Categorical aid:				
Public assistance and welfare	\$ 288,146	\$ 288,146	\$ 725,737	\$ 437,591
Victim/witness program	-	-	54,011	54,011
Comprehensive Services Act - SSBG	-	-	36,653	36,653
Social services cost allocation reimbursement	23,000	23,000	-	(23,000)
Total categorical aid	\$ 311,146	\$ 311,146	\$ 816,401	\$ 505,255
Total revenue from the Federal Government	\$ 311,146	\$ 322,164	\$ 989,861	\$ 667,697
Total General Fund	\$ 17,410,148	\$ 17,729,852	\$ 18,314,812	\$ 584,960

Governmental Funds -
Schedule of Revenues - Budget and Actual
Year Ended June 30, 2020 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Primary Government: (Continued)				
County Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 952	\$ 952
Total County Capital Projects Fund	\$ -	\$ -	\$ 952	\$ 952
Total Revenues -- Primary Government	\$ 17,410,148	\$ 17,729,852	\$ 18,315,764	\$ 585,912
Component Unit -- School Board:				
School Operating Fund:				
Revenue from local sources:				
Miscellaneous:				
Miscellaneous	\$ 145,199	\$ 419,583	\$ 331,130	\$ (88,453)
Private grants	-	50,000	192,923	142,923
Total miscellaneous	\$ 145,199	\$ 469,583	\$ 524,053	\$ 54,470
Total revenue from local sources	\$ 145,199	\$ 469,583	\$ 524,053	\$ 54,470
Revenue from local governments:				
Intergovernmental:				
County contribution to School Board	\$ 3,905,419	\$ 3,905,419	\$ 3,649,931	\$ (255,488)
Total revenue from local governments	\$ 3,905,419	\$ 3,905,419	\$ 3,649,931	\$ (255,488)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 1,616,654	\$ 1,616,654	\$ 1,650,844	\$ 34,190
Basic school aid	4,706,464	4,706,464	4,416,556	(289,908)
Special education	434,995	434,995	452,510	17,515
FICA - instructional	279,511	279,511	267,733	(11,778)
VRS - instructional	617,441	617,441	590,740	(26,701)
Group life - instructional	18,874	18,874	18,137	(737)
Remedial education	284,005	284,005	272,915	(11,090)
Textbook payments	90,495	90,495	86,961	(3,534)
Vocational education	229,181	229,181	261,201	32,020
State lottery	330,237	330,237	316,107	(14,130)
At risk	401,679	401,679	564,260	162,581
Reduced K-3	321,882	321,882	324,046	2,164
Technology	154,000	154,000	106,476	(47,524)
Compensation supplement	309,825	309,825	288,185	(21,640)
Other state funds	404,383	702,387	413,078	(289,309)
Total categorical aid	\$ 10,199,626	\$ 10,497,630	\$ 10,029,749	\$ (467,881)
Total revenue from the Commonwealth	\$ 10,199,626	\$ 10,497,630	\$ 10,029,749	\$ (467,881)

Governmental Funds -
Schedule of Revenues - Budget and Actual
Year Ended June 30, 2020 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Component Unit -- School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 466,541	\$ 466,541	\$ 411,197	\$ (55,344)
Title VI-B -- Special Education	330,034	330,034	352,974	22,940
School food	645,254	698,517	805,526	107,009
Other federal funds	221,418	221,418	180,375	(41,043)
Total categorical aid	\$ 1,663,247	\$ 1,716,510	\$ 1,750,072	\$ 33,562
Total revenue from the federal government	\$ 1,663,247	\$ 1,716,510	\$ 1,750,072	\$ 33,562
Total School Operating Fund	\$ 15,913,491	\$ 16,589,142	\$ 15,953,805	\$ (635,337)
Special Revenue Fund:				
School Cafeteria Fund:				
Revenue from local sources:				
Charges for services:				
Cafeteria sales	\$ 198,246	\$ 198,246	\$ 40,642	\$ (157,604)
Total charges for services	\$ 198,246	\$ 198,246	\$ 40,642	\$ (157,604)
Miscellaneous:				
Miscellaneous	\$ 61,443	\$ 61,443	\$ 106,432	\$ 44,989
Total miscellaneous	\$ 61,443	\$ 61,443	\$ 106,432	\$ 44,989
Total revenue from local sources	\$ 259,689	\$ 259,689	\$ 147,074	\$ (112,615)
Total School Cafeteria Fund	\$ 259,689	\$ 259,689	\$ 147,074	\$ (112,615)
Total Revenues -- Component Unit -- School Board	\$ 16,173,180	\$ 16,848,831	\$ 16,100,879	\$ (747,952)

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Governmental Funds -
Schedule of Expenditures - Budget and Actual
For the Year Ended June 30, 2020

Fund, Function, Activities and Elements	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Favorable (Unfavor.)
Primary Government:				
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 45,037	\$ 45,037	\$ 40,776	\$ 4,261
General and financial administration:				
County administrator	\$ 319,123	\$ 279,123	\$ 205,351	\$ 73,772
Legal services	-	41,602	41,602	-
Independent Auditor	45,000	51,773	51,773	-
Commissioner of the revenue	266,244	266,244	251,949	14,295
Assessor	89,026	86,574	74,636	11,938
Equilization board	-	850	850	-
Treasurer	318,328	318,328	300,006	18,322
Accounting	172,854	221,130	221,129	1
Data Processing	325,165	325,165	315,065	10,100
Total general and financial administration	\$ 1,535,740	\$ 1,590,789	\$ 1,462,361	\$ 128,428
Board of Elections:				
Electoral board and officials	\$ 26,820	\$ 35,884	\$ 35,883	\$ 1
Registrar	92,364	94,073	94,072	1
Total board of elections	\$ 119,184	\$ 129,957	\$ 129,955	\$ 2
Total general government administration	\$ 1,699,961	\$ 1,765,783	\$ 1,633,092	\$ 132,691
Judicial administration:				
Courts:				
Circuit court	\$ 15,250	\$ 15,250	\$ 4,265	\$ 10,985
General district court	6,800	6,800	4,971	1,829
Special magistrates	625	625	431	194
Law library	1,200	1,200	1,006	194
Victim / witness	71,376	71,375	1,227	70,148
Clerk of the circuit court	229,751	238,730	238,729	1
Total courts	\$ 325,002	\$ 333,980	\$ 250,629	\$ 83,351
Commonwealth's attorney:				
Commonwealth's attorney	\$ 228,565	\$ 228,565	\$ 219,402	\$ 9,163
Total judicial administration	\$ 553,567	\$ 562,545	\$ 470,031	\$ 92,514

Governmental Funds -
Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2020 (Continued)

Fund, Function, Activities and Elements	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Favorable (Unfavor.)
Primary Government: (Continued)				
General Fund: (Continued)				
Public safety:				
Law enforcement and traffic control:				
Sheriff and other law enforcement	\$ 1,838,386	\$ 1,790,386	\$ 1,656,422	\$ 133,964
School resource officer	147,253	99,253	86,166	13,087
Total law enforcement and traffic control	\$ 1,985,639	\$ 1,889,639	\$ 1,742,588	\$ 147,051
Fire and rescue services:				
Fire and rescue services	\$ 713,574	\$ 733,240	\$ 731,164	\$ 2,076
Total fire and rescue services	\$ 713,574	\$ 733,240	\$ 731,164	\$ 2,076
Correction and detention:				
Correction and detention	\$ 285,000	\$ 310,325	\$ 310,325	\$ -
Total correction and detention	\$ 285,000	\$ 310,325	\$ 310,325	\$ -
Inspections:				
Building	\$ 149,652	\$ 149,652	\$ 140,482	\$ 9,170
Total inspections	\$ 149,652	\$ 149,652	\$ 140,482	\$ 9,170
Other protection:				
Animal control	\$ 128,224	\$ 128,224	\$ 114,445	\$ 13,779
E-911	7,600	190,604	190,603	1
Probation office	1,400	1,400	1,329	71
Medical examiner (coroner)	200	200	120	80
Total other protection	\$ 137,424	\$ 320,428	\$ 306,497	\$ 13,931
Total public safety	\$ 3,271,289	\$ 3,403,284	\$ 3,231,056	\$ 172,228
Public works:				
Sanitation and waste removal:				
Refuse disposal	\$ 980,754	\$ 1,007,552	\$ 964,697	\$ 42,855
Total sanitation and waste removal	\$ 980,754	\$ 1,007,552	\$ 964,697	\$ 42,855

Governmental Funds -
Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2020 (Continued)

Fund, Function, Activities and Elements	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Favorable (Unfavor.)
Primary Government: (Continued)				
General Fund: (Continued)				
Public works: (Continued)				
Maintenance of general buildings and grounds:				
General properties	\$ 737,121	\$ 754,126	\$ 752,804	\$ 1,322
Total maintenance of general buildings and grounds	\$ 737,121	\$ 754,126	\$ 752,804	\$ 1,322
Total public works	\$ 1,717,875	\$ 1,761,678	\$ 1,717,501	\$ 44,177
Health and welfare:				
Health:				
Supplement of local health department	\$ 100,096	\$ 77,553	\$ 77,233	\$ 320
Contributions to area agency	5,000	5,000	5,000	-
Total health	\$ 105,096	\$ 82,553	\$ 82,233	\$ 320
Mental health and mental retardation:				
Chapter X board	\$ 37,000	\$ 37,000	\$ 37,000	\$ -
Total mental health and mental retardation	\$ 37,000	\$ 37,000	\$ 37,000	\$ -
Welfare:				
Welfare administration & public assistance	\$ 1,670,002	\$ 1,670,002	\$ 1,448,237	\$ 221,765
CSA - management	35,534	35,534	32,065	3,469
CSA - at risk youth	825,000	929,895	1,070,107	(140,212)
Total welfare	\$ 2,530,536	\$ 2,635,431	\$ 2,550,409	\$ 85,022
Total health and welfare	\$ 2,672,632	\$ 2,754,984	\$ 2,669,642	\$ 85,342
Education:				
Contributions to community colleges	\$ 14,000	\$ 14,000	\$ 5,593	\$ 8,407
Contributions to school board component unit	3,905,419	3,905,419	3,649,931	255,488
Total education	\$ 3,919,419	\$ 3,919,419	\$ 3,655,524	\$ 263,895
Parks, recreation and cultural:				
Parks and recreation				
Recreation centers and playgrounds	\$ 69,830	\$ 69,830	\$ 53,262	\$ 16,568
Library:				
Local library	\$ 115,450	\$ 115,450	\$ 115,450	\$ -
Total parks, recreation and cultural	\$ 185,280	\$ 185,280	\$ 168,712	\$ 16,568

Governmental Funds -
Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2020 (Continued)

Fund, Function, Activities and Elements	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Favorable (Unfavor.)
Primary Government: (Continued)				
General Fund: (Continued)				
Community development:				
Planning and community development:				
Planning	\$ 106,213	\$ 111,619	\$ 100,613	\$ 11,006
Contribution to IDA	70,464	106,528	106,528	-
Other community development	32,495	34,196	34,197	(1)
Total planning and community development	\$ 209,172	\$ 252,343	\$ 241,338	\$ 11,005
Environmental management:				
Cooperative extension program	\$ 56,897	\$ 56,897	\$ 56,033	\$ 864
Total environmental management	\$ 56,897	\$ 56,897	\$ 56,033	\$ 864
Total community development	\$ 266,069	\$ 309,240	\$ 297,371	\$ 11,869
Nondepartmental:				
Miscellaneous	\$ 17,500	\$ 17,500	\$ 6,472	\$ 11,028
Total nondepartmental	\$ 17,500	\$ 17,500	\$ 6,472	\$ 11,028
Debt service:				
Principal retirement	\$ 1,978,231	\$ 5,038,231	\$ 5,061,453	\$ (23,222)
Interest and fiscal charges	1,128,325	1,128,325	1,121,258	7,067
Total debt service	\$ 3,106,556	\$ 6,166,556	\$ 6,182,711	\$ (16,155)
Total General Fund	\$ 17,410,148	\$ 20,846,269	\$ 20,032,112	\$ 814,157
County Capital Projects Fund:				
Public Works:				
Equipment purchase	\$ -	\$ 70,200	\$ 70,200	\$ -
Total County Capital Projects Fund	\$ -	\$ 70,200	\$ 70,200	\$ -
Total Expenditures -- Primary Government	\$ 17,410,148	\$ 20,916,469	\$ 20,102,312	\$ 814,157

Governmental Funds -
Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2020 (Continued)

Fund, Function, Activities and Elements	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Favorable (Unfavor.)
Component Unit -- School Board:				
School Operating Fund:				
Education:				
Instruction - general	\$ 10,991,763	\$ 11,516,417	\$ 10,934,863	\$ 581,554
Administration, attendance and health	1,245,911	1,245,911	1,202,281	43,630
Pupil transportation services	1,435,653	1,533,387	1,386,412	146,975
Operation and maintenance services	1,094,516	1,094,516	1,084,231	10,285
School food services	-	53,263	53,263	-
Technology	468,494	468,494	480,622	(12,128)
Total education	\$ 15,236,337	\$ 15,911,988	\$ 15,141,672	\$ 770,316
Total School Operating Fund	\$ 15,236,337	\$ 15,911,988	\$ 15,141,672	\$ 770,316
Special Revenue Fund:				
School Cafeteria Fund:				
Education:				
School food services	\$ 936,843	\$ 936,843	\$ 921,311	\$ 15,532
Total School Cafeteria Fund	\$ 936,843	\$ 936,843	\$ 921,311	\$ 15,532
Total Expenditures--Component Unit-- School Board	\$ 16,173,180	\$ 16,848,831	\$ 16,062,983	\$ 785,848

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OTHER STATISTICAL INFORMATION

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COUNTY OF CUMBERLAND, VIRGINIA

Table 1

Government-wide Expenses by Function
Last Ten Fiscal Years

Fiscal Year	General										Total
	Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Recreation and Cultural	Community Development	Interest on Debt	Water & Sewer	
2010-11 \$	1,339,647	\$ 438,398	\$ 2,181,972	\$ 1,461,077	\$ 1,903,164	\$ 5,255,483	\$ 208,402	\$ 729,559	\$ 2,150,144	\$ 620,279	\$ 16,288,125
2011-12	1,425,743	471,552	2,238,713	1,263,236	1,762,706	5,851,389	223,140	367,939	2,039,794	646,448	16,290,660
2012-13	1,295,829	454,536	2,200,219	1,315,917	1,543,412	4,045,744	216,682	505,311	4,071,529	652,560	16,301,739
2013-14	1,342,469	570,586	2,473,338	1,458,828	1,857,983	6,332,577	206,844	294,208	1,480,431	690,967	16,708,231
2014-15	1,214,016	554,421	2,554,065	1,464,246	1,932,796	7,070,705	204,057	297,632	1,374,340	730,577	17,396,855
2015-16	1,465,910	511,441	2,475,680	1,342,077	2,206,638	6,149,408	189,675	344,232	1,273,467	751,153	17,396,855
2016-17	1,509,663	611,572	2,790,135	1,398,307	2,265,269	8,217,856	164,143	183,331	1,262,892	733,133	19,136,301
2017-18	1,478,516	538,262	2,915,478	1,478,367	2,391,382	5,291,812	183,975	294,050	931,241	758,193	16,261,276
2018-19	2,989,532	577,704	3,140,217	1,569,264	3,117,946	5,223,117	183,441	264,624	906,410	744,703	18,716,958
2019-20	1,884,084	564,236	2,999,562	1,774,395	2,679,781	5,168,754	170,359	298,486	830,854	657,608	17,028,119

COUNTY OF CUMBERLAND, VIRGINIA

Table 2

Government-wide Revenues
Last Ten Fiscal Years

Fiscal Year	Program Revenues				General Revenues				
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		General Property Taxes	Other Local Taxes	Contributions Not Restricted to Specific Programs	Revenues from the Use of Money & Property	Miscellaneous
2010-11	\$ 1,163,304	\$ 2,391,346	\$ 3,789,930	\$ 8,518,154	\$ 1,334,909	\$ 976,825	\$ 137,411	\$ 136,369	\$ 18,448,248
2011-12	1,209,264	2,311,805	1,225,495	8,448,999	1,275,388	966,551	99,328	227,698	15,764,528
2012-13	1,232,605	2,170,663	1,543,259	8,704,733	965,288	1,383,247	92,575	361,920	16,454,290
2013-14	1,186,650	2,631,295	1,730,254	8,343,548	947,716	1,300,190	79,946	99,118	16,318,717
2014-15	3,192,530	2,700,794	1,138,700	8,338,761	984,107	1,370,941	81,536	74,365	17,881,734
2015-16	651,756	2,802,462	1,131,900	8,616,541	978,723	1,316,056	84,321	110,326	15,692,085
2016-17	719,992	2,887,084	1,131,900	9,270,856	1,036,014	1,289,257	71,587	31,230	16,437,920
2017-18	878,356	3,139,010	1,131,900	9,432,189	1,138,808	1,369,472	99,896	55,768	17,245,399
2018-19	1,595,632	3,478,097	1,131,900	9,729,665	1,201,850	1,330,076	93,916	187,497	18,748,633
2019-20	1,207,132	3,495,902	1,131,900	9,888,246	1,268,451	1,493,418	90,399	49,328	18,624,776

COUNTY OF CUMBERLAND, VIRGINIA

Table 3

General Government Revenues by Source (1)

Last Ten Fiscal Years

Fiscal Year	General Property Taxes	Other Local Taxes	Permit Privilege Fees & Regulatory Licenses	Fines & Forfeitures	Revenues from the Use of Money & Property	Charges for Services	Miscellaneous	Inter-governmental	Total
2010-11	\$ 8,438,080	\$ 1,334,909	\$ 66,405	\$ 125,207	\$ 134,952	\$ 868,884	\$ 589,840	\$ 17,846,477	\$ 29,404,754
2011-12	8,400,789	1,284,734	61,946	156,539	98,136	843,312	802,416	15,604,891	27,252,763
2012-13	8,763,622	973,823	64,569	167,216	85,999	895,970	989,541	14,685,826	26,626,566
2013-14	8,514,952	947,716	58,837	155,961	79,467	896,444	775,774	15,720,847	27,149,998
2014-15	8,297,371	984,107	61,476	147,655	81,272	2,833,525	693,876	16,360,294	29,459,576
2015-16	8,535,525	978,723	53,823	102,033	83,689	350,882	605,095	16,289,560	26,999,330
2016-17	9,189,650	1,036,014	54,021	121,288	71,328	364,036	429,620	16,363,309	27,629,266
2017-18	9,393,834	1,138,808	102,103	147,244	99,569	319,046	421,306	16,519,805	28,141,715
2018-19	9,684,537	1,201,850	72,881	117,394	92,365	1,070,139	550,214	17,838,743	30,628,123
2019-20	9,975,711	1,268,451	98,319	81,157	86,762	674,506	679,813	17,901,041	30,765,760

(1) Includes General, Special Revenue Funds and Capital Project Funds of the Primary Government and the Discretely Presented Component Unit School Board.

COUNTY OF CUMBERLAND, VIRGINIA

Table 4

General Government Expenditures by Function (1) (2)

Last Ten Fiscal Years

Fiscal Year	General Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Recreation and Cultural	Community Development	Debt Service	Non-Departmental	Total
2010-11	\$ 1,320,620	\$ 351,836	\$ 2,087,633	\$ 1,350,482	\$ 1,872,248	\$ 14,496,027	\$ 203,921	\$ 730,065	\$ 4,073,922	\$ 92,516	\$ 26,486,754
2011-12	1,433,261	381,156	2,172,963	1,312,227	1,773,658	15,492,195	220,829	362,387	4,034,774	80,400	27,263,850
2012-13	1,284,193	365,187	2,144,206	1,366,527	1,532,749	14,493,758	211,070	506,361	26,941,616	59,919	48,905,586
2013-14	1,332,303	485,454	2,384,014	1,383,846	1,854,124	15,504,216	203,510	293,126	3,855,932	9,887	27,306,412
2014-15	1,392,027	474,705	2,595,776	1,439,178	1,960,970	16,879,087	203,446	300,431	3,830,264	14,324	29,090,208
2015-16	1,455,925	426,292	2,452,995	1,340,675	2,223,773	15,672,638	193,257	347,466	3,799,866	10,842	27,923,729
2016-17	1,491,707	516,789	2,867,416	1,342,372	2,263,105	15,537,401	161,631	175,965	19,597,731	9,870	43,963,987
2017-18	1,555,263	462,981	3,140,058	1,441,125	2,419,759	15,391,420	184,439	295,323	3,093,828	8,070	27,992,266
2018-19	1,714,215	511,135	3,079,674	1,799,939	3,095,439	16,097,741	183,870	264,727	3,102,756	1,307,586	31,157,082
2019-20	1,633,092	470,031	3,057,596	1,717,501	2,669,642	16,068,576	168,712	297,371	6,182,711	179,932	32,445,164

(1) Includes General, Special Revenue Funds and Capital Project Funds of the Primary Government and the Discretely Presented Component Unit School Board.

(2) Does not include nondepartmental expenditures and contributions from the Primary Government to the Component Unit School Board.

COUNTY OF CUMBERLAND, VIRGINIA

Table 5

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total (1) Tax Levy	Current Tax (1) Collections	Percent of Levy Collected	Delinquent		Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding (1,3) Delinquent Taxes	Percent of Delinquent Taxes to Tax Levy
				(1) Tax (2) Collections					
2010-11	\$ 9,121,905	\$ 8,676,195	95.11%	\$ 377,159	\$ 9,053,354	\$ 99.25%	\$ 971,461	10.65%	
2011-12	9,121,509	8,636,836	94.69%	338,643	8,975,479	98.40%	1,094,179	12.00%	
2012-13	9,220,367	8,792,518	95.36%	530,713	9,323,231	101.12%	1,036,767	11.24%	
2013-14	9,087,831	8,776,534	96.57%	349,633	9,126,167	100.42%	1,038,108	11.42%	
2014-15	8,978,881	8,670,652	96.57%	390,400	9,061,052	100.92%	1,012,552	11.28%	
2015-16	9,273,465	8,907,664	95.92%	321,394	9,061,063	101.28%	1,099,043	11.32%	
2016-17	9,755,229	9,342,283	95.77%	333,592	9,675,875	99.19%	1,216,729	12.47%	
2017-18	9,990,333	9,661,505	96.71%	338,316	9,999,821	100.09%	1,197,911	11.99%	
2018-19	10,133,475	9,887,658	97.57%	315,597	10,203,255	100.69%	1,243,039	12.27%	
2019-20	10,481,679	10,072,765	96.10%	400,489	10,473,254	99.92%	1,155,574	11.02%	

(1) Exclusive of penalties and interest.

(2) Does not include land redemptions.

(3) Includes personal and real property

COUNTY OF CUMBERLAND, VIRGINIA

Table 6

Assessed Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Estate	Personal Property	Mobile Homes	Public Service	Airplane	Machinery & Tools	Total
2010-11	\$ 850,430,361	\$ 57,149,558	\$ 7,110,616	\$ 67,684,115	\$ 1,184,500	\$ 2,117,341	\$ 985,676,491
2011-12	855,916,262	57,564,245	7,187,152	75,200,914	1,415,432	2,264,637	999,548,642
2012-13	861,560,435	57,729,401	7,183,790	82,283,896	1,387,700	2,125,112	1,012,270,334
2013-14	809,456,777	57,899,353	7,131,049	84,616,150	1,759,366	2,237,038	963,099,733
2014-15	754,161,126	57,654,972	5,097,583	89,308,219	1,282,000	2,607,358	910,111,258
2015-16	755,647,443	57,656,604	5,141,805	99,504,783	989,730	3,548,241	922,488,606
2016-17	759,331,246	62,781,046	5,221,031	103,601,117	986,126	4,289,336	936,209,902
2017-18	763,102,189	64,737,067	5,284,455	113,931,238	954,838	4,258,997	952,268,784
2018-19	768,962,086	64,743,501	5,472,864	121,991,999	989,886	7,356,394	969,516,730
2019-20	817,125,241	67,196,108	5,643,297	117,466,679	739,243	6,306,924	1,014,477,492

Property Tax Rates
Last Ten Fiscal Years

Fiscal Year	Real Estate	Personal Property	Public Service	Airplane	Machinery & Tools
2010-11	\$ 0.70/0.68	\$ 4.50	\$ 0.70/0.68	\$ 0.50	\$ 3.75
2011-12	0.68/0.68	4.50	0.68/0.68	0.50	3.75
2012-13	0.68/0.68	4.50	0.68/0.68	0.50	3.75
2013-14	0.68/0.74	4.50	0.68/0.74	0.50	3.75
2014-15	0.68/0.74	4.50	0.68/0.74	0.50	3.75
2015-16	0.74/0.78	4.50	0.74/0.78	0.50	3.75
2016-17	0.78/0.78	4.50	0.78/0.78	0.50	3.75
2017-18	0.78/0.78	4.50	0.78/0.78	0.50	3.75
2018-19	0.78/0.78	4.50	0.78/0.78	0.50	3.75
2019-20	0.78/0.77	4.50	0.78/0.77	0.50	3.75

COUNTY OF CUMBERLAND, VIRGINIA

Table 7

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

Fiscal Year	Population (1)	Assessed Value (2)	Gross Bonded Debt (3)	Net Bonded Debt	Ratio of Net General Obligation		Net Bonded Debt per Capita
					Debt to Assessed Value	Debt to Assessed Value	
2010-11	9,017	\$ 985,676,491	\$ 43,297,088	\$ 43,297,088	0.0439	\$	4,802
2011-12	9,017	999,548,642	41,310,143	41,310,143	0.0413		4,581
2012-13	9,017	1,012,270,334	42,039,384	42,039,384	0.0415		4,662
2013-14	9,017	963,099,733	39,735,906	39,735,906	0.0413		4,407
2014-15	10,052	910,111,258	37,344,422	37,344,422	0.0410		3,715
2015-16	10,052	922,488,606	34,889,571	34,889,571	0.0378		3,471
2016-17	10,052	936,209,902	31,309,519	31,309,519	0.0334		3,115
2017-18	10,052	952,268,784	29,692,266	29,692,266	0.0312		2,954
2018-19	10,052	969,516,730	27,859,529	27,859,529	0.0287		2,772
2019-20	10,052	1,014,477,492	25,938,223	25,938,223	0.0256		2,580

(1) Bureau of the Census.

(2) From Table 6

(3) Includes all long-term general obligation bonded debt and Literary Fund Loans.
Excludes capital leases, and compensated absences.

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COMPLIANCE

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**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 Cumberland
Cumberland, Virginia**

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Cumberland, Virginia as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the County of Cumberland, Virginia's basic financial statements, and have issued our report thereon dated November 11, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered County of Cumberland, 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 Cumberland, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of County of Cumberland, 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 County's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

County of Cumberland, Virginia's Response to Findings

County of Cumberland, Virginia's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. County of Cumberland, Virginia's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and 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 County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Richmond, Virginia
November 11, 2020



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

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

Report on Compliance for Each Major Federal Program

We have audited the County of Cumberland, 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 Cumberland, Virginia's major federal programs for the year ended June 30, 2020. County of Cumberland, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

Opinion on Each Major Federal Program

In our opinion, County of Cumberland, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control over Compliance

Management of the County of Cumberland, Virginia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County of Cumberland, Virginia's internal control over compliance with the types of requirements that could have a direct and material effect on a 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 Cumberland, 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.

Robinson, Farmer, Cox Associates

Richmond, Virginia
November 11, 2020

COUNTY OF CUMBERLAND, VIRGINIA

Schedule of Expenditures of Federal Awards - Primary Government and
Discretely Presented Component Unit
Year Ended June 30, 2020

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Primary Government:			
<u>UNITED STATES DEPARTMENT OF AGRICULTURE:</u>			
<u>Pass through payments:</u>			
Department of Social Services:			
SNAP Cluster:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0040111	\$ 151,691
Total Department of Agriculture			\$ 151,691
<u>DEPARTMENT OF JUSTICE:</u>			
<u>Pass through payments:</u>			
Department of Criminal Justice Services:			
Crime Victim Assistance	16.575	39001-10220	\$ 54,011
Total Department of Justice			\$ 54,011
<u>DEPARTMENT OF TREASURY:</u>			
<u>Pass through payments:</u>			
Department of Accounts:			
Coronavirus Relief Funds (CRF)	21.019	10110-728021	\$ 173,460
Total Department of Treasury			\$ 173,460
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u>			
<u>Pass through payments:</u>			
Virginia Department of Social Services:			
MaryLee Allen Promoting Safe and Stable Families Program	93.556	Unknown	\$ 1,206
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	0500111	175
Low Income Home Energy Assistance	93.568	0600411	19,932
Stephanie Tubbs Jones Child Welfare Service Programs	93.645	0900111	224
Foster Care Title IV - E	93.658	1100111	125,700
Adoption Assistance	93.659	1120111	62,750
Social Services Block Grant	93.667	1000111	110,785
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150111	1,372
Children's Health Insurance Program	93.767	0540111	2,729
Medicaid Cluster:			
Medical Assistance Program	93.778	1200111	161,532
TANF Cluster:			
Temporary Assistance for Needy Families	93.558	0400111	104,835
CCDF Cluster:			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760111	19,459
Total Department of Health and Human Services			\$ 610,699
Total Primary Government			\$ 989,861

COUNTY OF CUMBERLAND, VIRGINIA

Schedule of Expenditures of Federal Awards - Primary Government and
Discretely Presented Component Unit
Year Ended June 30, 2020 (Continued)

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Component Unit - School Board:			
<u>DEPARTMENT OF AGRICULTURE:</u>			
<u>Pass through payments:</u>			
Department of Agriculture:			
Child Nutrition Discretionary Grants Limited Availability	10.579	Unknown	\$ 10,722
Child Nutrition Cluster:			
COVID-19 - Summer Food Service Program for Children	10.559	202020N85034 1	\$ 161,416
Food distribution - Summer Food Service Program for Children	10.559	Unknown	5,277
Food distribution - National School Lunch Program	10.555	Unknown	53,263
Department of Education:			
COVID-19 - National School Lunch Program	10.555	406230	30,528
National School Lunch Program	10.555	406230	351,961
COVID-19 - School Breakfast Program	10.553	405910	16,468
School Breakfast Program	10.553	405910	186,613
		Total Child Nutrition Cluster	805,526
Total Department of Agriculture			\$ 816,248
<u>DEPARTMENT OF EDUCATION:</u>			
<u>Pass through payments:</u>			
Virginia Department of Education:			
Title I Grants to Local Educational Agencies	84.010	429010	\$ 411,197
Special Education Cluster (IDEA):			
Special Education - Grants to States	84.027	430710, 871380	\$ 352,974
Special Education - Preschool grants	84.173	625210	10,956
		Total Special Education Cluster (IDEA):	363,930
Career and Technical Education - Basic Grants to States	84.048	610950, 866470	26,718
Supporting Effective Instruction State Grant (formerly Improving Teacher Quality State Grants)	84.367	614800	67,898
Rural Education	84.358	434810	25,300
Student Support and Academic Enrichment Program	84.424	S424A170048	10,545
English Language Acquisition State Grants	84.365	605120	1,394
Total Department of Education			\$ 906,982
<u>DEPARTMENT OF DEFENSE:</u>			
<u>Direct payments:</u>			
ROTC Language and Culture Training Grants	12.357	n/a	\$ 26,842
Total Department of Defense			\$ 26,842
Total Component Unit School Board			\$ 1,750,072
Total Expenditures of Federal Awards			\$ 2,739,933

See accompanying notes to schedule of expenditures of federal awards.

COUNTY OF CUMBERLAND, VIRGINIA

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

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the County of Cumberland, Virginia under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the reporting requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County of Cumberland, Virginia, it is not intended to and does not present the financial position, changes in net position or cash flows of the County of Cumberland, 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

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed.

Note 4 - Subrecipients

No awards were passed through to subrecipients.

Note 5 - De Minimis Cost Rate

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

Note 6 - Loan Balances

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

Note 7 - 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	\$ 989,861
Total primary government	\$ 989,861
Component Unit School Board:	
School Operating Fund	\$ 1,750,072
Total Component Unit School Board	\$ 1,750,072
Total federal expenditures per basic financial statements	\$ 2,739,933
Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ 2,739,933

COUNTY OF CUMBERLAND, VIRGINIA

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

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiency(ies) identified? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiency(ies) identified? None reported

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

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

Identification of major programs:

CFDA #	Name of Federal Program or Cluster
10.553/10.555/10.559	Child Nutrition Cluster

Dollar threshold used to distinguish between Type A
and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee? Yes

Section II - Financial Statement Findings

There are no financial statement findings to report.

Section III - Federal Award Findings and Questioned Costs

There are no federal award findings and questioned costs to report.

Section IV - Prior Year Findings

Finding 2019-001

Finding: The School Board FY18-9 budget was did not provide 10 days of public notice to the citizens prior to hearing.

Status: Corrective action has been fully implemented.