

COUNTY OF WESTMORELAND, VIRGINIA

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2020

COUNTY OF WESTMORELAND, VIRGINIA

BOARD OF SUPERVISORS

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W.W. Hynson, Vice-Chairman

Russ Culver

Dorothy Dickerson Tate

Timothy J. Trivett

SCHOOL BOARD

Ralph Fallin, Chairman

Daniel Wallace, Vice-Chairman

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Iris Lane

Sandra Ramsey

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Clerk of the Circuit Court
Commonwealth's Attorney
Treasurer
Sheriff
Superintendent of Schools
Director of Social Services
Commissioner of the Revenue
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Gwynne Chatham
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Sue N. Jones
C.O. Balderson
Dr. Michael Perry
Gail Crooks
Carol B. Gawen
Norm Risavi

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Independent Auditors' Report

**To the Honorable Members of the Board of Supervisors
County of Westmoreland, 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 unit, each major fund, and the aggregate remaining fund information of County of Westmoreland, 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 Westmoreland, Virginia'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 unit, each major fund, and the aggregate remaining fund information of the County of Westmoreland, 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, 105-123 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 Westmoreland, Virginia's basic financial statements. The other supplementary information and statistical information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) 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, 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 statistical information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2020 on our consideration of the County of Westmoreland, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of County of Westmoreland, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Westmoreland, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Fredericksburg, Virginia
December 14, 2020

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

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

As management of the County of Westmoreland, Virginia we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2020.

Financial Highlights

Government-wide Financial Statements

- On a government-wide basis for governmental activities, the assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$23,466,596 (net position). For business-type activities, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$20,339,611.

Fund Financial Statements

The Governmental Funds, on a current financial resource basis, reported expenditures in excess of revenues and other financing sources of \$1,872,029 (Exhibit 5) after making contributions totaling \$8,684,711 to the School Board.

- As of the close of the current fiscal year, the County's governmental funds reported ending fund balances of \$58,410,626 an increase of \$42,567,386 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$7,871,934 or 23% of total general fund expenditures.
- Combined long-term obligations for the governmental funds increased \$46,377,632 during the current fiscal year.

The Proprietary Funds, on an accrual basis, reported a decrease in net position of \$567,827 (Exhibit 8).

- As of the close of the current fiscal year, the County's proprietary funds reported ending net position of \$20,339,611, a decrease \$567,827.
- Combined long-term obligations in the proprietary funds decreased \$540,823 during the current fiscal year.

Overview of the Financial Statements

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

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

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

Overview of the Financial Statements: (Continued)

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

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

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

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

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

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

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

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

Fiduciary funds - The County is the trustee, or fiduciary, for the County's 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 statements and accompanying notes, this report also presents certain required supplementary information for budgetary comparison schedules and presentation of combining financial statements for the discretely presented component unit - School Board. The School Board does not issue separate financial statements.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a County's financial position. In the case of the County's governmental activities, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$23,466,596 at the close of the most recent fiscal year.

Summary Statement of Net Position

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 63,776,237	\$ 17,560,072	\$ 2,324,162	\$ 2,339,930	\$ 66,100,399	\$ 19,900,002
Capital assets	28,316,415	21,724,253	31,304,283	32,199,935	59,620,698	53,924,188
Total assets	\$ 92,092,652	\$ 39,284,325	\$ 33,628,445	\$ 34,539,865	\$ 125,721,097	\$ 73,824,190
Deferred outflows of resources	\$ 1,564,109	\$ 1,061,120	\$ 50,703	\$ 35,549	\$ 1,614,812	\$ 1,096,669
Long-term liabilities	\$ 64,407,713	\$ 18,030,081	\$ 12,921,971	\$ 13,462,794	\$ 77,329,684	\$ 31,492,875
Current liabilities	5,344,694	1,158,805	405,506	184,742	5,750,200	1,343,547
Total liabilities	\$ 69,752,407	\$ 19,188,886	\$ 13,327,477	\$ 13,647,536	\$ 83,079,884	\$ 32,836,422
Deferred outflows of resources	\$ 437,758	\$ 663,191	\$ 12,060	\$ 20,440	\$ 449,818	\$ 683,631
Net position:						
Net investment in capital assets	\$ 12,162,745	\$ 8,701,208	\$ 18,219,046	\$ 18,832,608	\$ 30,381,791	\$ 27,533,816
Restricted	49,152	49,152	759,154	631,208	808,306	680,360
Unrestricted	11,254,699	11,743,008	1,361,411	1,443,622	12,616,110	13,186,630
Total net position	\$ 23,466,596	\$ 20,493,368	\$ 20,339,611	\$ 20,907,438	\$ 43,806,207	\$ 41,400,806

Government-wide Financial Analysis (Continued)

At the end of the current fiscal year, the County's investment in capital assets net of related debt used to acquire those assets was \$12,162,745 for governmental activities. The County uses these capital assets to provide services to citizens therefore; these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The County's net position increased by \$2,973,228 during the current fiscal year.

Governmental Activities - Governmental activities and business-type activities increased the County's net position by \$2,973,228 and (\$567,827) respectively. Key elements of this increase are as follows:

Summary Statement of Change in Net Position						
	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 1,260,192	\$ 1,068,744	\$ 2,065,305	\$ 2,120,469	\$ 3,325,497	\$ 3,189,213
Operating grants and contributions	5,521,933	5,551,423	-	-	5,521,933	5,551,423
Capital grants and contributions	590,227	265,883	-	-	590,227	265,883
General revenues:						
General property taxes	20,496,866	19,467,644	-	-	20,496,866	19,467,644
Other local taxes	2,439,803	2,268,067	-	-	2,439,803	2,268,067
Grants and other contributions not restricted	2,343,426	1,850,396	-	-	2,343,426	-2,343,426
Use of money and property	731,957	511,396	32,879	49,147	764,836	560,543
Gain / (loss) on disposal of capital assets	-	-	-	-	-	-
Miscellaneous	318,545	148,228	(7,873)	346	310,672	148,574
Total revenues	\$ 33,702,949	\$ 31,131,781	\$ 2,090,311	\$ 2,169,962	\$ 35,793,260	\$ 33,301,743
Expenses:						
General government administration	\$ 3,319,050	\$ 2,985,304	\$ -	\$ -	\$ 3,319,050	\$ 2,985,304
Judicial administration	1,388,093	1,236,444	-	-	1,388,093	1,236,444
Public safety	6,067,544	5,831,993	-	-	6,067,544	5,831,993
Public works	3,130,794	3,351,899	-	-	3,130,794	3,351,899
Health and welfare	4,461,638	4,594,264	-	-	4,461,638	4,594,264
Education	9,429,674	8,904,747	-	-	9,429,674	8,904,747
Parks, recreation, and cultural	737,893	719,343	-	-	737,893	719,343
Community development	656,402	783,581	-	-	656,402	783,581
Interest on long-term debt	1,538,633	526,687	-	-	1,538,633	526,687
Water and Sewer	-	-	2,658,138	2,441,678	2,658,138	2,441,678
Total expenses	\$ 30,729,721	\$ 28,934,262	\$ 2,658,138	\$ 2,441,678	\$ 33,387,859	\$ 31,375,940
Increase (decrease) in net position before transfers	\$ 2,973,228	\$ 2,197,519	\$ (567,827)	\$ (271,716)	\$ 2,405,401	\$ 1,925,803
Transfers	-	-	-	-	-	-
Increase in net position	\$ 2,973,228	\$ 2,197,519	\$ (567,827)	\$ (271,716)	\$ 2,405,401	\$ 1,925,803
Net position, July 1	20,493,368	18,295,849	20,907,438	21,179,154	41,400,806	39,475,003
Net position, June 30	\$ 23,466,596	\$ 20,493,368	\$ 20,339,611	\$ 20,907,438	\$ 43,806,207	\$ 41,400,806

Government-wide Financial Analysis: (Continued)

- The increase of \$2,973,228 in the governmental activities net position was largely attributable revenues exceeding expenses.
- Net position for business-type activities showed a decrease of \$567,827 during fiscal year 2020.

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

Financial Analysis of the County's Funds

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

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

As of the end of the current fiscal year, the County's governmental funds reported fund balances of \$14,495,525 an increase of \$359,623 in comparison with the prior year. Approximately 54% of this total amount constitutes unassigned fund balance, which is available for spending at the County's discretion. The remainder of fund balance is restricted, committed, and assigned to indicate that it is not available for new spending because it has already been constrained.

Proprietary Funds - The focus of the County's proprietary funds is upon determination of net income, financial position, and changes in financial position. Funds are accounted for in a manner similar to private business enterprises. The County's proprietary funds consists of the Water and Sewer Fund. The proprietary funds reflected a combined decrease in net position of \$567,827.

General Fund Budgetary Highlights

The difference between the original budget and the final amended budget was an increase of \$8,340,800 in expenditures and can be briefly summarized as follows:

- \$370,040 in increases for general government administration
- \$197,955 in increases for health and welfare
- \$1,073,947 in increases for public safety
- \$296,510 in increases for public works
- \$4,788,827 in increases for capital projects
- \$1,354,060 in increases for education
- \$259,461 in other increases

Capital Asset and Debt Administration

- Capital assets - The County's investment in capital assets for its governmental operations as of June 30, 2020 amounts to \$28,316,415 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and machinery and equipment. Investment in capital assets for the County's proprietary operations amounts to \$31,304,283 as of June 30, 2020. This investment includes land, water systems, sewer systems, and equipment.

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

Long-term debt - At the end of the current fiscal year, the County had total long-term obligations outstanding of \$65,223,068 for its governmental activities. Of this amount \$825,000 comprises debt backed by the full faith and credit of the County. The remainder of the County's debt for governmental operations \$55,530,818 represents bonds secured solely by specified revenue sources (i.e., revenue bonds), capital leases of \$4,891,000, OPEB liabilities of \$989,829, pension liability of \$2,399,192 and compensated absences of \$587,229. Business-type debt is comprised of \$13,024,684 bonds secured solely by water and sewer revenues, \$54,234 treatment plant upgrade, net pension liability of \$74,202, OPEB liabilities of \$30,614 and compensated absences of \$29,521.

The County's total long-term obligations increased by \$45,836,809 during the current fiscal year.

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

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the County at June 30, 2020 is 7.1 percent, which is an increase from a rate of 3.2 percent a year ago. This is slightly higher than the state's average unemployment rate of 8.1 percent and is less than the national average rate of 11.1 percent.
- Inflationary trends in the region compare favorably to national indices.

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

Requests for Information

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

Basic Financial Statements

Government-wide Financial Statements

Statement of Net Position
June 30, 2020

	Primary Government			Component
	Governmental	Business-type		Unit
	Activities	Activities	Total	School Board
ASSETS				
Cash and cash equivalents	\$ 5,604,584	\$ 322,426	\$ 5,927,010	\$ 3,240,294
Cash in custody of others	44,757,840	-	44,757,840	-
Investments	11,154,664	1,116,509	12,271,173	-
Receivables (net of allowance for uncollectibles):				
Taxes receivable	1,069,834	-	1,069,834	
Accounts receivable	190,375	126,073	316,448	34,623
Due from component unit	49,343	-	49,343	-
Due from other governmental units	900,445	-	900,445	679,387
Prepaid items	-	-	-	292,774
Restricted assets:				
Cash and investments	49,152	759,154	808,306	-
Capital assets (net of accumulated depreciation):				
Land	1,322,114	427,377	1,749,491	258,916
Buildings and system	12,310,721	29,981,216	42,291,937	5,412,856
Machinery and equipment	2,687,645	57,011	2,744,656	1,928,986
Intangible assets	-	838,679	838,679	-
Construction in progress	11,995,935	-	11,995,935	3,277,142
Total assets	\$ 92,092,652	\$ 33,628,445	\$ 125,721,097	\$ 15,124,978
DEFERRED OUTFLOWS OF RESOURCES				
Pension related items	\$ 1,384,094	\$ 45,136	\$ 1,429,230	\$ 3,700,020
OPEB related items	180,015	5,567	185,582	455,854
Total deferred outflows of resources	\$ 1,564,109	\$ 50,703	\$ 1,614,812	\$ 4,155,874
LIABILITIES				
Accounts payable	\$ 2,878,496	\$ 47,285	\$ 2,925,781	\$ 327,031
Accrued liabilities	-	-	-	2,033,243
Retainage payable	335,308	-	335,308	-
Unearned revenue	1,084,121	49,530	1,133,651	-
Customers' deposits	-	35	35	-
Accrued interest payable	164,136	15,124	179,260	-
Due to primary government	-	-	-	49,343
Due to other governmental units	67,278	-	67,278	74,566
Long-term liabilities:				
Due within one year	815,355	293,532	1,108,887	210,611
Due in more than one year	64,407,713	12,921,971	77,329,684	19,187,230
Total liabilities	\$ 69,752,407	\$ 13,327,477	\$ 83,079,884	\$ 21,882,024
DEFERRED INFLOWS OF RESOURCES				
Pension related items	\$ 244,650	\$ 8,648	\$ 253,298	\$ 2,373,560
OPEB related items	110,373	3,412	113,785	350,975
Deferred revenue - property taxes	82,735	-	82,735	-
Total deferred inflows of resources	\$ 437,758	\$ 12,060	\$ 449,818	\$ 2,724,535
NET POSITION				
Net Investment in capital assets	\$ 12,162,745	\$ 18,219,046	\$ 30,381,791	\$ 10,289,914
Restricted:				
Debt service and bond covenants	49,152	759,154	808,306	-
Unrestricted (deficit)	11,254,699	1,361,411	12,616,110	(15,615,621)
Total net position	\$ 23,466,596	\$ 20,339,611	\$ 43,806,207	\$ (5,325,707)

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

COUNTY OF WESTMORELAND, VIRGINIA

Statement of Activities
For the Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 3,319,050	\$ -	\$ 443,217	\$ -
Judicial administration	1,388,093	226,322	527,323	-
Public safety	6,067,544	43,055	1,544,261	7,319
Public works	3,130,794	711,531	43,060	330,000
Health and welfare	4,461,638	-	2,939,674	-
Education	9,429,674	-	-	-
Parks, recreation, and cultural	737,893	272,318	12,023	252,908
Community development	656,402	6,966	12,375	-
Interest on long-term debt	1,538,633	-	-	-
Total governmental activities	\$ 30,729,721	\$ 1,260,192	\$ 5,521,933	\$ 590,227
Business-type activities:				
Water and sewer	\$ 2,658,138	\$ 2,065,305	\$ -	\$ -
Total business-type activities	\$ 2,658,138	\$ 2,065,305	\$ -	\$ -
Total primary government	\$ 33,387,859	\$ 3,325,497	\$ 5,521,933	\$ 590,227
COMPONENT UNIT:				
School Board	\$ 24,034,240	\$ 110,040	\$ 14,958,351	\$ 154,000

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

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

Exhibit 2

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	School Board
\$ (2,875,833)		\$ (2,875,833)	
(634,448)		(634,448)	
(4,472,909)		(4,472,909)	
(2,046,203)		(2,046,203)	
(1,521,964)		(1,521,964)	
(9,429,674)		(9,429,674)	
(200,644)		(200,644)	
(637,061)		(637,061)	
(1,538,633)		(1,538,633)	
<u>\$ (23,357,369)</u>		<u>\$ (23,357,369)</u>	
	\$ (592,833)	\$ (592,833)	
	<u>\$ (592,833)</u>	<u>\$ (592,833)</u>	
	<u>\$ (592,833)</u>	<u>\$ (23,950,202)</u>	
			\$ <u>(8,811,849)</u>
\$ 20,496,866	\$ -	\$ 20,496,866	\$ -
1,003,512	-	1,003,512	-
340,464	-	340,464	-
800,075	-	800,075	-
239,358	-	239,358	-
56,394	-	56,394	-
731,957	32,879	764,836	38,632
318,545	(7,873)	310,672	595,384
-	-	-	9,097,866
2,343,426	-	2,343,426	-
<u>\$ 26,330,597</u>	<u>\$ 25,006</u>	<u>\$ 26,355,603</u>	<u>\$ 9,731,882</u>
<u>\$ 2,973,228</u>	<u>\$ (567,827)</u>	<u>\$ 2,405,401</u>	<u>\$ 920,033</u>
20,493,368	20,907,438	41,400,806	(6,245,740)
<u>\$ 23,466,596</u>	<u>\$ 20,339,611</u>	<u>\$ 43,806,207</u>	<u>\$ (5,325,707)</u>

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Fund Financial Statements

Balance Sheet
Governmental Funds
June 30, 2020

	General	General Capital Projects	Other Governmental Funds	Total
ASSETS				
Cash and cash equivalents	\$ 4,843,324	\$ -	\$ 761,260	\$ 5,604,584
Cash in custody of others	575,158	44,182,682	-	44,757,840
Investments	10,437,121	714,877	2,666	11,154,664
Receivables (net of allowance for uncollectibles):				
Taxes receivable	1,069,834	-	-	1,069,834
Accounts receivable	190,375	-	-	190,375
Due from component unit	49,343	-	-	49,343
Due from other governmental units	900,445	-	-	900,445
Restricted assets:				
Investments	-	-	49,152	49,152
Total assets	<u>\$ 18,065,600</u>	<u>\$ 44,897,559</u>	<u>\$ 813,078</u>	<u>\$ 63,776,237</u>
LIABILITIES				
Accounts payable	\$ 1,292,896	\$ 1,534,294	\$ 51,306	\$ 2,878,496
Retainage payable	125,008	210,300	-	335,308
Due to other governmental units	67,278	-	-	67,278
Unearned revenue	1,084,121	-	-	1,084,121
Total liabilities	<u>\$ 2,569,303</u>	<u>\$ 1,744,594</u>	<u>\$ 51,306</u>	<u>\$ 4,365,203</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	<u>\$ 1,000,772</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,000,772</u>
FUND BALANCES:				
Restricted	\$ 220,000	\$ -	\$ 49,152	\$ 269,152
Committed	2,539,361	-	712,620	3,251,981
Assigned	3,864,230	43,152,965	-	47,017,195
Unassigned	7,871,934	-	-	7,871,934
Total fund balances	<u>\$ 14,495,525</u>	<u>\$ 43,152,965</u>	<u>\$ 761,772</u>	<u>\$ 58,410,262</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 18,065,600</u>	<u>\$ 44,897,559</u>	<u>\$ 813,078</u>	<u>\$ 63,776,237</u>

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

Reconciliation of the Balance Sheet of Governmental Funds
 To the Statement of Net Position
 June 30, 2020

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	58,410,262
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Land	\$	1,322,114	
Construction in progress		11,995,935	
Buildings and improvements, net of depreciation		12,310,721	
Machinery and equipment, net of depreciation		<u>2,687,645</u>	28,316,415

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

Pension related items	\$	1,384,094	
OPEB related items		<u>180,015</u>	1,564,109

Some of the County's property and other taxes will be collected after year-end, but are not available soon enough to pay for the current year's expenditures and, therefore, are reported as deferred revenue in the funds.

918,037

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

Accrued interest payable	\$	(164,136)	
Bonds and notes payable		(56,355,818)	
Net OPEB liability		(989,829)	
Compensated absences		(587,229)	
Capital leases		(4,891,000)	
Net pension liability		<u>(2,399,192)</u>	(65,387,204)

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

Pension related items	(244,650)	
OPEB related items	<u>(110,373)</u>	<u>(355,023)</u>

Net position of governmental activities	\$	<u><u>23,466,596</u></u>
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The notes to the financial statements are an integral part of this statement.

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

	General	General Capital Projects	Other Governmental Funds	Total
REVENUES				
General property taxes	\$ 20,105,035	\$ -	\$ 54,948	\$ 20,159,983
Other local taxes	2,439,803	-	-	2,439,803
Permits, privilege fees, and regulatory licenses	520,326	-	-	520,326
Fines and forfeitures	199,475	-	-	199,475
Revenue from the use of money and property	384,585	346,505	867	731,957
Charges for services	85,058	-	455,333	540,391
Miscellaneous	318,545	-	-	318,545
Recovered costs	1,352,595	-	-	1,352,595
Intergovernmental:				
Commonwealth	6,288,885	-	-	6,288,885
Federal	2,166,701	-	-	2,166,701
Total revenues	\$ 33,861,008	\$ 346,505	\$ 511,148	\$ 34,718,661
EXPENDITURES				
Current:				
General government administration	\$ 3,051,097	\$ -	\$ -	\$ 3,051,097
Judicial administration	1,102,536	-	-	1,102,536
Public safety	7,598,510	-	-	7,598,510
Public works	2,927,448	-	-	2,927,448
Health and welfare	4,421,566	-	-	4,421,566
Education	9,134,489	-	-	9,134,489
Parks, recreation, and cultural	507,098	-	-	507,098
Community development	567,751	-	98,918	666,669
Nondepartmental	176,778	-	-	176,778
Capital projects	2,814,936	4,327,341	220,764	7,363,041
Debt service:				
Principal retirement	914,246	-	77,382	991,628
Interest and other fiscal charges	481,417	1,095,117	44,411	1,620,945
Total expenditures	\$ 33,697,872	\$ 5,422,458	\$ 441,475	\$ 39,561,805
Excess (deficiency) of revenues over (under) expenditures	\$ 163,136	\$ (5,075,953)	\$ 69,673	\$ (4,843,144)
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 196,487	\$ -	\$ -	\$ 196,487
Transfers out	-	(164,487)	(32,000)	(196,487)
Issuance of revenue anticipation notes	-	46,910,000	-	46,910,000
Bond premium	-	500,530	-	500,530
Total other financing sources (uses)	\$ 196,487	\$ 47,246,043	\$ (32,000)	\$ 47,410,530
Net change in fund balances	\$ 359,623	\$ 42,170,090	\$ 37,673	\$ 42,567,386
Fund balances - beginning	14,135,902	982,875	724,099	15,842,876
Fund balances - ending	\$ 14,495,525	\$ 43,152,965	\$ 761,772	\$ 58,410,262

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

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

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

Net change in fund balances - total governmental funds	\$ 42,567,386
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period.

Capital asset additions	\$ 7,828,536	
Depreciation expense	<u>(1,162,624)</u>	6,665,912
Transfer of joint tenancy assets from Primary Government to the Component Unit		(73,750)

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

Property taxes	336,883
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Landfill closure/post-closure liability	\$ 119,424	
Issuance of revenue bonds	(46,910,000)	
Lease revenue bonds	196,835	
Bond premium	(333,687)	
General obligation bonds	115,000	
Capital leases	<u>499,608</u>	(46,312,820)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.

Compensated absences	\$ 7,319	
OPEB expense	1,434	
Net pension expense	(134,605)	
Accrued interest payable	<u>(84,531)</u>	<u>(210,383)</u>
Change in net position of governmental activities	\$	<u><u>2,973,228</u></u>

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

Statement of Net Position
 Proprietary Funds
 June 30, 2020

	Enterprise Fund
	Water and
	Sewer
	Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 322,426
Investments	1,116,509
Accounts receivable, net of allowance for uncollectibles	126,073
Total current assets	\$ 1,565,008
Noncurrent assets:	
Restricted assets:	
Cash and investments	\$ 759,154
Total restricted assets	\$ 759,154
Capital assets:	
Land - Sewer	\$ 427,377
Buildings and system - Sewer	37,907,111
Buildings and system - Water	1,183,857
Machinery and equipment - Sewer	275,586
Intangible assets - Sewer	1,209,113
Accumulated depreciation - Sewer	(8,775,949)
Accumulated depreciation - Water	(922,812)
Total net capital assets	\$ 31,304,283
Total noncurrent assets	\$ 32,063,437
Total assets	\$ 33,628,445
DEFERRED OUTFLOWS OF RESOURCES	
Pension related items	\$ 45,136
OPEB related items	5,567
Total deferred outflows of resources	\$ 50,703
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 47,285
Customers' deposits	35
Unearned revenue	49,530
Accrued interest payable	15,124
Compensated absences - current portion	2,545
Sewer treatment plant agreement - current portion	6,319
Bonds payable - Sewer - current portion	278,052
Bonds payable - Water - current portion	6,616
Total current liabilities	\$ 405,506
Noncurrent liabilities:	
Bonds payable - Sewer - net of current portion	\$ 12,517,318
Bonds payable - Water - net of current portion	222,698
Sewer treatment plant agreement - noncurrent portion	54,234
Net pension liability	74,202
Net OPEB liability	30,614
Compensated absences - net of current portion	22,905
Total noncurrent liabilities	\$ 12,921,971
Total liabilities	\$ 13,327,477
DEFERRED INFLOWS OF RESOURCES	
Pension related items	\$ 8,648
OPEB related items	3,412
Total deferred inflows of resources	\$ 12,060
NET POSITION	
Net investment in capital assets	\$ 18,219,046
Restricted for debt service and bond covenants	759,154
Unrestricted	1,361,411
Total net position	\$ 20,339,611

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

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

	<u>Enterprise Fund</u> <u>Water and</u> <u>Sewer</u> <u>Fund</u>
OPERATING REVENUES	
Charges for services:	
Water revenues	\$ 40,580
Sewer revenues	1,624,755
Total operating revenues	<u>\$ 1,665,335</u>
OPERATING EXPENSES	
Water	\$ 9,374
Sewer	1,274,335
Other expenses	22,034
Depreciation - water	28,221
Depreciation - sewer	906,007
Total operating expenses	<u>\$ 2,239,971</u>
Operating income (loss)	<u>\$ (574,636)</u>
NONOPERATING REVENUES (EXPENSES)	
Interest income	\$ 32,879
Availability/connection/tap fees - sewer	399,970
Interest expense - water	(10,460)
Interest expense - sewer	(407,707)
Other nonoperating item - water	955
Other nonoperating item - sewer	(8,828)
Total nonoperating revenues (expenses)	<u>\$ 6,809</u>
Income (loss)	<u>\$ (567,827)</u>
Change in net position	<u>\$ (567,827)</u>
Total net position - beginning	<u>20,907,438</u>
Total net position - ending	<u><u>\$ 20,339,611</u></u>

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

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

	<u>Enterprise Funds</u> <u>Water and</u> <u>Sewer</u> <u>Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 1,697,889
Payments to suppliers	(1,162,422)
Payments to and for employees	(204,515)
Net cash provided by (used for) operating activities	<u>\$ 330,952</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Additions to utility plant	\$ (38,575)
Principal payments on bonds	(275,772)
Principal payments on treatment plant agreement	(6,319)
Interest expense	(418,476)
Availability/connection fees	399,970
Other	(7,873)
Net cash provided by (used for) capital and related financing activities	<u>\$ (347,045)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Sale (purchase) of investments	\$ (26,304)
Interest income	32,879
Net cash provided by (used for) investing activities	<u>\$ 6,575</u>
Net increase (decrease) in cash and cash equivalents	\$ (9,518)
Cash and cash equivalents - beginning	331,944
Cash and cash equivalents - ending	<u><u>\$ 322,426</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ (574,636)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	\$ 934,228
(Increase) decrease in accounts receivable	32,554
(Increase) decrease in deferred outflows - pension related items	(13,028)
(Increase) decrease in deferred outflows - OPEB related items	(2,126)
Increase (decrease) in accounts payable	(69,946)
Increase (decrease) in net pension liability	24,251
Increase (decrease) in net OPEB liability	2,705
Increase (decrease) in deferred inflows - pension related items	(7,286)
Increase (decrease) in deferred inflows - OPEB related items	(1,094)
Increase (decrease) in unearned revenue	(2,513)
Increase (decrease) in compensated absences	7,843
Total adjustments	<u>\$ 905,588</u>
Net cash provided by (used for) operating activities	<u><u>\$ 330,952</u></u>

The notes to the 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	\$ 112,449
LIABILITIES	
Accounts payable and accrued liabilities	\$ 58,434
Amounts held for social services clients	14,059
Amounts held for alternative education program	39,956
Total liabilities	\$ 112,449

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

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements As of June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Narrative Profile

The County of Westmoreland, located in the northern neck of Virginia and bordered by the counties of Essex, King George, Northumberland and Richmond, was founded in 1653. The County has a population of 17,760 and a land area of 222 square miles.

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

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

A. Financial Reporting Entity

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

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

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

COUNTY OF WESTMORELAND, VIRGINIA

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

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

A. Financial Reporting Entity (Continued)

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

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

Inclusions in the Financial Reporting Entity:

1. Component Unit:

a. Westmoreland County School Board:

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

Exclusions from the Financial Reporting Entity:

1. Jointly Governed Organizations:

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

COUNTY OF WESTMORELAND, VIRGINIA

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

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

A. Financial Reporting Entity (Continued)

Exclusions from the Financial Reporting Entity: (Continued)

1. Jointly Governed Organizations: (Continued)

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

a. Northern Neck Regional Jail

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

b. Rappahannock Regional Library

The Rappahannock Regional Library is considered an intergovernmental (joint) venture and therefore its operations are not included in the County's financial statements. The Counties of Westmoreland, Stafford and Spotsylvania and the City of Fredericksburg provide the financial support for the Library and appoint its governing Board, in which is vested the ability to execute contracts and to budget and to expend funds. The County appoints one (1) of the seven (7) members of the Board. No one locality contributes more than 50% of the Library's funding. The County provided \$459,258 in operating funds to the Library in 2020.

c. Middle Peninsula Northern Neck Community Services Board

The Middle Peninsula Northern Neck Community Services Board is considered a jointly governed organization and therefore its operations are not included in the County's financial statements. This organization provides mental health, mental retardation, and substance abuse services to ten counties. The Counties of Essex, King and Queen, King William, Middlesex, Richmond, Mathews, Gloucester, Westmoreland, Lancaster and Northumberland appoint one member each to the Board. The governing board has the ability to execute contracts and to budget and expend funds. No one locality contributes more than 50% of the Board's funding or has oversight responsibility over its operations. Westmoreland County contributed \$66,711 as operating grants to the Middle Peninsula Northern Neck Community Services Board for the fiscal year ended June 30, 2020.

COUNTY OF WESTMORELAND, VIRGINIA

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

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

A. Financial Reporting Entity (Continued)

Exclusions from the Financial Reporting Entity: (Continued)

d. Middle Peninsula Juvenile Detention Commission

The Middle Peninsula Juvenile Detention Commission is considered a jointly governed organization and therefore its operations are not included in the County's financial statements. Westmoreland County along with 16 other counties appoint one member each to the Board. The governing board has the ability to execute contracts and to budget and expend funds. No one locality contributes more than 50% of the Board's funding or has oversight responsibility over its operations. Westmoreland County contributed \$80,812 to the Middle Peninsula Juvenile Detention Commission for the fiscal year ended June 30, 2020.

Obtaining of Financial Statements for Jointly Governed Organizations

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

B. Government-Wide and Fund Financial Statements

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

COUNTY OF WESTMORELAND, VIRGINIA

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

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

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

The government-wide Statement of Activities reflects both the gross and net cost per functional category (public safety, public works, health and welfare, etc.) that are otherwise being supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants, and contributions. The program revenues must be directly associated with the function (public safety, public works, health and welfare, etc.) or a business-type activity. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, and 2) grants and contributions that are restricted to meeting the operation or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues. The County does not allocate indirect expenses. The operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. Internal service charges if applicable, are eliminated and the net income or loss from internal service activities are allocated to the various functional expense categories based on the internal charges to each function.

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

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

The County's fiduciary funds are presented in the fund financial statements by type (private purpose, if applicable, and agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements. The following is a brief description of the specific funds used by the County in FY 2020.

COUNTY OF WESTMORELAND, VIRGINIA

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

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

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

1. Governmental Funds:

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

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

2. Proprietary Funds:

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

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

COUNTY OF WESTMORELAND, VIRGINIA

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

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

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

3. Fiduciary Funds (Trust and Agency Funds):

Fiduciary Funds (Trust and Agency Funds) account for assets held by a governmental unit in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. The funds include Private Purpose Trust and Agency Funds. Private purpose trust funds utilize the accrual basis of accounting as described in the Proprietary Funds presentation. Agency funds also utilize the accrual basis of accounting but have no measurement focus. The County has no Private Purpose Trust Funds. The Agency Funds consist of the following:

a. Agency Funds:

- Special Welfare Fund - This fund accounts for monies provided primarily through private donors for assistance of children in foster care and needy senior citizens. This fund is also used to account for monies received from other governments and individuals (i.e., social security and child support) to be paid to special welfare recipients.
- Adult Education Program Fund - This fund accounts for the operation of the Northern Neck Regional Alternative Education Program. The Program is a regional program utilized by local school districts for alternative education activities.

4. Component Unit:

Westmoreland County School Board:

The Westmoreland County School Board has the following funds:

Governmental Funds:

- School Operating Fund - This fund is the primary operating fund of the School Board and accounts for and reports all revenues and expenditures applicable to the general operations of the public school system. Revenues are derived primarily from charges for services, appropriations from the County of Westmoreland and state and federal grants. The School Operating Fund is considered a major fund of the School Board for financial reporting purposes.
- Special Revenue Funds - Special revenue funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

COUNTY OF WESTMORELAND, VIRGINIA

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

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

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

- School Cafeteria Fund - This special revenue fund accounts for the operations of the School Board's food service program. Financing is provided primarily by food and beverage sales, and state and federal grants.

C. Basis of Accounting

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

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

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

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

COUNTY OF WESTMORELAND, VIRGINIA

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

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

D. Budgets and Budgetary Accounting

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

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

Encumbrances:

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

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

1. Prior to April 1, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating budget and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings and open-houses are conducted to obtain citizen comments. Also, several work sessions between the Board of Supervisors and School Board are conducted on the School Board budget.

COUNTY OF WESTMORELAND, VIRGINIA

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

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

D. Budgets and Budgetary Accounting: (Continued)

3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the fund, function and departmental level. The appropriation for each fund, function and department can be revised only by the Board of Supervisors. The County Administrator is authorized to transfer budgeted amounts within departments and the School Board is authorized to transfer budgeted amounts within the school system's categories. Supplemental appropriations in addition to the appropriated budget were necessary during the year. Supplemental appropriations may not be made without amending the budget.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds (except School Funds), General Capital Projects Funds, and Proprietary Funds. The School Operating and School Cafeteria Funds are integrated only at the level of legal adoption.

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

6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. All appropriations lapse on June 30, for all County and School Board funds.
8. All budgetary data presented in the accompanying financial statements is the original budget as of June 30, 2020, as adopted, appropriated and legally amended.
9. The expenditure budget is enacted through an annual appropriations ordinance. Appropriations are made at the departmental level for the primary government and at the function level for the School Board. State law requires that if budget amendments exceed 1% of the original adopted budget the Board of Supervisors may legally amend the budget only by following procedures used in the adoption of the original budget.

E. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government.

COUNTY OF WESTMORELAND, VIRGINIA

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

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

F. Investments

Investments are reported at fair value.

G. Allowance for Uncollectible Accounts

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$384,909 at June 30, 2020 and is comprised of the following:

General Fund--taxes receivable	\$ 239,898
Water and Sewer Fund--accounts receivable	145,011
Total	<u>\$ 384,909</u>

H. Prepaid Items

Prepaid items are reported on the consumption method.

I. Capital Assets

Capital outlays are recorded as expenditures of the governmental funds of the primary government and component unit School Board, and as assets in the government-wide financial statements to the extent the County's and School Board's capitalization threshold of \$5,000 is met and the asset has an estimated life in excess of two years. The County and Component Unit School Board do not have any infrastructure in its capital assets since roads, streets, bridges and similar assets within its boundaries are property of the Commonwealth of Virginia. Depreciation is recorded on capital assets on a government-wide basis using the straight-line method and the following estimated useful lives:

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

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

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

All capital assets are valued at historical cost or estimated historical cost if actual cost was not available. Donated capital assets are valued at their acquisition value on the date donated. The County and School Board do not capitalize historical treasures or works of art.

COUNTY OF WESTMORELAND, VIRGINIA

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

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

I. Capital Assets: (Continued)

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

J. 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 one item that qualify for reporting in this category. It is comprised of contributions to the pension and OPEB plans made during the current year and subsequent to the net pension and OPEB asset or liability measurement date, which will be recognized as a reduction of the net pension and OPEB asset or liability next fiscal year. Another item is comprised of items related to the measurement of net pension and OPEB liability. For more detailed information on these items, reference the pension and OPEB 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 two types of items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30, 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, 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 and OPEB liabilities are reported as deferred inflows of resources. For more detailed information on these items, reference the pension and OPEB notes.

K. Compensated Absences

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

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

COUNTY OF WESTMORELAND, VIRGINIA

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

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

L. Pensions:

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

M. Use of Estimates

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

N. Long-Term Obligations

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

O. Net Position

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

P. Net Position Flow Assumption

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

COUNTY OF WESTMORELAND, VIRGINIA

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

Q. Fund Equity

The following classifications 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 constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are only reported in the general fund.

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

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

COUNTY OF WESTMORELAND, VIRGINIA

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

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

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

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

	General Fund	General Capital Projects Fund	Other Governmental Funds	Total
Fund Balances:				
Restricted:				
Post closure	\$ 200,000	\$ -	\$ -	\$ 200,000
Placid bay sanitary district	-	-	49,152	49,152
Underground tanks	20,000	-	-	20,000
Total Restricted Fund Balance	\$ 220,000	\$ -	\$ 49,152	\$ 269,152
Committed:				
Placid bay sanitary district	\$ -	\$ -	\$ 509,361	\$ 509,361
Glebe Harbor Cabin Point Sanitary District	-	-	203,259	203,259
Financial software	439,866	-	-	439,866
Fire and rescue	377,055	-	-	377,055
Courthouse debt service	337,500	-	-	337,500
Education	1,357,713	-	-	1,357,713
Other purposes	27,227	-	-	27,227
Total Committed Fund Balance	\$ 2,539,361	\$ -	\$ 712,620	\$ 3,251,981
Assigned:				
Recreation complex	\$ 362,054	\$ -	\$ -	\$ 362,054
Recreation access road	169,211	-	-	169,211
Fire and rescue	228,971	-	-	228,971
School waterline	531,980	-	-	531,980
Capital projects	1,220,575	43,152,965	-	44,373,540
Currioman project	320,403	-	-	320,403
Reassessment	303,025	-	-	303,025
Other purposes	728,011	-	-	728,011
Total Assigned Fund Balance	\$ 3,864,230	\$ 43,152,965	\$ -	\$ 47,017,195
Unassigned	\$ 7,871,934	\$ -	\$ -	\$ 7,871,934
Total Fund Balances	\$ 14,495,525	\$ 43,152,965	\$ 761,772	\$ 58,410,262

R. Other Postemployment Benefits (OPEB):

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

COUNTY OF WESTMORELAND, VIRGINIA

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

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 the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial Institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

Investments

Statutes authorize the County to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, banker's acceptances, repurchase agreements and the State Treasurer's Local Government Investment Pool (LGIP).

Custodial Credit Risk (Investments)

The County's investments at June 30, 2020 were held in the County's name by the County's custodial bank.

The County's investment policy stipulates that U.S. dollar denominated commercial paper issued by an entity incorporated in the U.S. must be rated at least A-1 by Standard & Poor Corp. and P-1 by Moody's Investors Service. The policy also stipulates that U.S. dollar denominated Corporate Notes and Bonds must have a rating of at least A by Standard & Poor Corp. and by Moody's Investors Service.

Credit Risk of Debt Securities

The County's rated debt investments as of June 30, 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 Rated Debt Investments' Values				
Rated Debt Investments	Fair Quality Ratings			
	AAAm	AA+	A	AA-
U.S. Treasuries	\$ -	\$ 3,146,794	\$ -	\$ -
Corporate Debt	-	-	15,268	459,152
Money Market Mutual Fund	9,487,195	-	-	-
Total	\$ 9,487,195	\$ 3,146,794	\$ 15,268	\$ 459,152

COUNTY OF WESTMORELAND, VIRGINIA

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

NOTE 2 - DEPOSITS AND INVESTMENTS: (Continued)

Concentration of Credit Risk

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

Interest Rate Risk

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

The interest rate risk is summarized below:

Investment Maturities (in years)			
Investment Type	Fair Value	Less Than 1 Year	1-5 Years
U.S. Treasuries	\$ 3,146,794	\$ 790,148	\$ 2,356,646
Money Market Mutual Fund	9,487,195	9,487,195	-
Corporate Bonds	474,419	-	474,419
Total	<u>\$ 13,108,408</u>	<u>\$ 10,277,343</u>	<u>\$ 2,831,065</u>

COUNTY OF WESTMORELAND, VIRGINIA

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

NOTE 3 - FAIR VALUE MEASUREMENTS:

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

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

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

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

Investment	June 30, 2020	Fair Value Measurement Using Quoted Prices in Active Markets For Identical Assets (Level 1)
U.S. Treasuries	\$ 3,146,794	\$ 3,146,794
Money Market Mutual Fund	9,487,195	9,487,195
Corporate Bonds	474,419	474,419
Total	\$ 13,108,408	\$ 13,108,408

NOTE 4 - PROPERTY TAXES:

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

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

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

Property taxes for calendar year 2019 were levied by the County Board of Supervisors on May 1, 2019, on the assessed value listed as of January 1, 2019.

COUNTY OF WESTMORELAND, VIRGINIA

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

NOTE 4 - PROPERTY TAXES: (Continued)

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

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

On April 18, 2000 the County adopted a resolution which established a separate tax district to pay all or any portion of the County's expenditures for operating the Westmoreland County school division. This resulted in two separate sets of tax rates. One set of rates for taxpayers residing in the area of the Town of Colonial Beach, and a different set of rates for those residing in the remainder of the County. For calendar year 2019 the rates per \$100 of assessed value were as follows:

	<u>Colonial Beach</u>	<u>Placid Bay Sanitary District</u>	<u>All Other</u>
Real Estate	0.43	0.07	0.65
Personal Property	2.06	N/A	3.25
Machinery and Tools	N/A	N/A	1.50
Merchants Capital	0.24	N/A	0.46

In addition to the aforementioned property taxes the County assesses a road user fee of \$120 per lot for lots in the Placid Bay Sanitary District pursuant to Code of Virginia section 21-119 and a recreational fee of \$200 per lot for lots in the Glebe Harbor-Cabin Point Sanitary District pursuant to Code of Virginia section 21-118.4.

NOTE 5 - RECEIVABLES:

Accounts Receivable:

Receivables at June 30, 2020 consist of the following:

	<u>Primary Government Governmental Activities</u>	<u>Business- type Activities</u>	<u>Component Unit School Board</u>
	<u>General</u>		
Property taxes	\$ 1,309,732	\$ -	\$ -
Utility taxes	28,152	-	-
Water and sewer charges	-	271,084	-
Other	162,223	-	34,623
Total	\$ 1,500,107	\$ 271,084	\$ 34,623
Allowance for uncollectibles	(239,898)	(145,011)	-
Net receivables	\$ 1,260,209	\$ 126,073	\$ 34,623

COUNTY OF WESTMORELAND, VIRGINIA

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

NOTE 6 - DUE FROM OTHER GOVERNMENTAL UNITS:

At June 30, 2020:

	Governmental Activities	Component Unit
	General	School Board
Commonwealth of Virginia:		
Local sales taxes	\$ 284,714	\$ -
Communication taxes	86,549	-
State sales taxes	-	338,935
Social Services	137,481	-
Comprehensive Services Act	195,814	-
Shared expenses and grants	156,472	-
Other	39,415	163,356
Federal pass-through school funds	-	177,096
Total	<u>\$ 900,445</u>	<u>\$ 679,387</u>

NOTE 7 - INTERFUND BALANCES AND TRANSFERS:**Primary Government:****Transfers To/From Other Funds:**

Transfers to the Capital Projects Fund from the General Fund to pay general obligation debt service and related costs	\$ 164,487
Transfers from the Glebe Harbor Coles Point Sanitary District Fund to pay sanitary district related costs	<u>32,000</u>
Total transfers	<u>\$ 196,487</u>
Reconciliation of transfers:	
Transfers in - governmental funds	<u>\$ 196,487</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 funds in accordance with budgeting authorization.

COUNTY OF WESTMORELAND, VIRGINIA

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

NOTE 8 - DUE TO OTHER GOVERNMENTAL UNITS:

At June 30, 2020:

	<u>Governmental Activities General</u>	<u>Component Unit School Board</u>
Town of Colonial Beach:		
Sales tax	\$ 62,637	\$ 74,566
Town of Montross:		
Sales tax	<u>4,641</u>	<u>-</u>
Total	<u>\$ 67,278</u>	<u>\$ 74,566</u>

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COUNTY OF WESTMORELAND, VIRGINIA

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

NOTE 9 - CAPITAL ASSETS:

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

Primary Government:

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,321,857	\$ 257	\$ -	\$ 1,322,114
Construction in Progress	5,105,286	6,890,649	-	11,995,935
Total capital assets not being depreciated	\$ 6,427,143	\$ 6,890,906	\$ -	\$ 13,318,049
Other capital assets:				
Buildings and improvements	\$ 20,548,494	\$ 61,631	\$ -	\$ 20,610,125
Machinery, equipment and vehicles	7,334,396	875,999	98,505	8,111,890
Jointly owned assets	940,000	-	115,000	825,000
Total other capital assets	\$ 28,822,890	\$ 937,630	\$ 213,505	\$ 29,547,015
Accumulated depreciation:				
Buildings and improvements	\$ 8,319,464	\$ 507,412	\$ -	\$ 8,826,876
Machinery, equipment and vehicles	4,908,788	613,962	98,505	5,424,245
Jointly owned assets	297,528	41,250	41,250	297,528
Total accumulated depreciation	\$ 13,525,780	\$ 1,162,624	\$ 139,755	\$ 14,548,649
Other capital assets, net	\$ 15,297,110	\$ (224,994)	\$ 73,750	\$ 14,998,366
Net capital assets	\$ 21,724,253	\$ 6,665,912	\$ 73,750	\$ 28,316,415
Depreciation is allocated to:				
General government administration		\$ 320,893		
Judicial administration		251,478		
Public safety		334,720		
Health and welfare		66,596		
Education		41,250		
Public works		76,116		
Parks and recreation		57,462		
Community Development		14,109		
Total governmental activities		\$ 1,162,624		

COUNTY OF WESTMORELAND, VIRGINIA

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

NOTE 9 - CAPITAL ASSETS: (Continued)

Primary Government: (Continued)

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020
Business-type Activities:				
Capital assets not being depreciated:				
Land	\$ 427,377	\$ -	\$ -	\$ 427,377
Total capital assets not being depreciated	\$ 427,377	\$ -	\$ -	\$ 427,377
Other capital assets:				
Buildings and systems	\$ 39,090,968	\$ -	\$ -	\$ 39,090,968
Intangible assets	1,209,113	-	-	1,209,113
Machinery and equipment	237,010	38,576	-	275,586
Total other capital assets	\$ 40,537,091	\$ 38,576	\$ -	\$ 40,575,667
Accumulated depreciation:				
Buildings and systems	\$ 8,229,375	\$ 880,377	\$ -	\$ 9,109,752
Intangible assets	333,848	36,586	-	370,434
Machinery and equipment	201,310	17,265	-	218,575
Total accumulated depreciation	\$ 8,764,533	\$ 934,228	\$ -	\$ 9,698,761
Other capital assets, net	\$ 31,772,558	\$ (895,652)	\$ -	\$ 30,876,906
Net capital assets	\$ 32,199,935	\$ (895,652)	\$ -	\$ 31,304,283

COUNTY OF WESTMORELAND, VIRGINIA

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

NOTE 9 - CAPITAL ASSETS: (Continued)**Component Unit-School Board:**

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020
Capital assets not being depreciated:				
Land	\$ 258,916	\$ -	\$ -	\$ 258,916
Construction in Progress	<u>2,904,547</u>	<u>372,595</u>	<u>-</u>	<u>3,277,142</u>
Total capital assets not being depreciated	<u>\$ 3,163,463</u>	<u>\$ 372,595</u>	<u>\$ -</u>	<u>\$ 3,536,058</u>
Other capital assets:				
Buildings	\$ 18,589,442	\$ 115,000	\$ -	\$ 18,704,442
Machinery, equipment and vehicles	<u>5,818,180</u>	<u>358,061</u>	<u>-</u>	<u>6,176,241</u>
Total other capital assets	<u>\$ 24,407,622</u>	<u>\$ 473,061</u>	<u>\$ -</u>	<u>\$ 24,880,683</u>
Accumulated depreciation:				
Buildings	\$ 12,728,068	\$ 563,518	\$ -	\$ 13,291,586
Machinery, equipment and vehicles	<u>3,970,395</u>	<u>276,860</u>	<u>-</u>	<u>4,247,255</u>
Total accumulated depreciation	<u>\$ 16,698,463</u>	<u>\$ 840,378</u>	<u>\$ -</u>	<u>\$ 17,538,841</u>
Other capital assets, net	<u>\$ 7,709,159</u>	<u>\$ (367,317)</u>	<u>\$ -</u>	<u>\$ 7,341,842</u>
Net capital assets	<u><u>\$ 10,872,622</u></u>	<u><u>\$ 5,278</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 10,877,900</u></u>
Depreciation is allocated to education		<u>\$ 840,378</u>		
Depreciation expense		\$ 799,128		
Transfer of accumulated depreciation on jointly owned assets		<u>41,250</u>		
Total increases in accumulated depreciation above		<u><u>\$ 840,378</u></u>		

Legislation enacted during the year ended June 30, 2002, Section 15.2-1800.1 of the Code of Virginia, 1950, as amended, changed the reporting of local school capital assets and related debt for financial statement purposes. Historically, debt incurred by local governments on-behalf of school boards was reported in the school board's discrete column along with the related capital assets. Under the law, local governments have a tenancy in common with the school board whenever the locality incurs any financial obligation for any school property which is payable over more than one fiscal year. For financial reporting purposes, the legislation permits the locality to report the portion of school property related to any outstanding financial obligation eliminating any potential deficit from capitalizing assets financed with debt. The effect on the School Board of Westmoreland, Virginia for the year ended June 30, 2020 is that school financed assets in the amount of \$825,000 are reported in the Primary Government for financial reporting purposes.

COUNTY OF WESTMORELAND, VIRGINIA

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

NOTE 10 - PENSION PLAN:

Plan Description

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

Benefit Structures

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

- a. Employees 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 service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- b. Employees 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 equal 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

COUNTY OF WESTMORELAND, VIRGINIA

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

Note 10-Pension Plan: (Continued)

Average Final Compensation and Service Retirement Multiplier

The VRS defined benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee's average final compensation multiplied by the employee's total service credit. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation and the multiplier is 1.70% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% or 1.85% for hazardous duty employees as elected by the employer. Under Plan 2, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the retirement multiplier is 1.65% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% or 1.85% for hazardous duty employees as elected by the employer. Under the Hybrid Plan, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the multiplier is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

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

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

Employees Covered by Benefit Terms

As of the June 30, 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	85	58
Inactive members:		
Vested inactive members	11	8
Non-vested inactive members	25	12
Inactive members active elsewhere in VRS	63	4
Total inactive members	99	24
Active members	136	35
Total covered employees	320	117

COUNTY OF WESTMORELAND, VIRGINIA

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

Note 10-Pension Plan: (Continued)

Contributions

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

The County's contractually required contribution rate for the year ended June 30, 2020 was 9.42% 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 \$622,237 and \$588,834 for the years ended June 30, 2020 and June 30, 2019, respectively.

The Component Unit School Board's contractually required contribution rate for nonprofessional employees for the year ended June 30, 2020 was 9.36% 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 \$66,543 and \$64,017 for the years ended June 30, 2020 and June 30, 2019, respectively.

Net Pension Liability

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

COUNTY OF WESTMORELAND, VIRGINIA

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

Note 10-Pension Plan: (Continued)

Actuarial Assumptions - General Employees

The total pension liability for General Employees in the County's and Component Unit School Board's (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 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 WESTMORELAND, VIRGINIA

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

Note 10-Pension Plan: (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:

Largest 10 - 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 WESTMORELAND, VIRGINIA

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

Note 10-Pension Plan: (Continued)

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

Mortality rates:

All Others (Non 10 Largest) - Hazardous Duty: 45% of deaths are assumed to be service related

Pre-Retirement:

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 WESTMORELAND, VIRGINIA

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

Note 10-Pension Plan: (Continued)

Long-Term Expected Rate of Return

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

<u>Asset Class (Strategy)</u>	<u>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.

COUNTY OF WESTMORELAND, VIRGINIA

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

Note 10-Pension Plan: (Continued)

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, 2019 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 actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2018	\$ 25,985,704	\$ 24,320,667	\$ 1,665,037
Changes for the year:			
Service cost	\$ 690,198	\$ -	\$ 690,198
Interest	1,773,060	-	1,773,060
Changes of assumptions	765,175	-	765,175
Differences between expected and actual experience	88,440	-	88,440
Contributions - employer	-	588,834	(588,834)
Contributions - employee	-	312,664	(312,664)
Net investment income	-	1,624,057	(1,624,057)
Benefit payments, including refunds of employee contributions	(1,312,558)	(1,312,558)	-
Administrative expenses	-	(16,020)	16,020
Other changes	-	(1,019)	1,019
Net changes	\$ 2,004,315	\$ 1,195,958	\$ 808,357
Balances at June 30, 2019	\$ 27,990,019	\$ 25,516,625	\$ 2,473,394

COUNTY OF WESTMORELAND, VIRGINIA

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

Note 10-Pension Plan: (Continued)

Changes in Net Pension Liability

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2018	\$ 4,339,088	\$ 4,011,297	\$ 327,791
Changes for the year:			
Service cost	\$ 70,864	\$ -	\$ 70,864
Interest	294,007	-	294,007
Changes of assumptions	110,127	-	110,127
Differences between expected and actual experience	211,579	-	211,579
Contributions - employer	-	64,017	(64,017)
Contributions - employee	-	34,115	(34,115)
Net investment income	-	260,455	(260,455)
Benefit payments, including refunds of employee contributions	(277,985)	(277,985)	-
Administrative expenses	-	(2,709)	2,709
Other changes	-	(163)	163
Net changes	\$ 408,592	\$ 77,730	\$ 330,862
Balances at June 30, 2019	\$ 4,747,680	\$ 4,089,027	\$ 658,653

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

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

	Rate		
	(5.75%)	(6.75%)	(7.75%)
County Net Pension Liability (Asset)	\$ 5,916,369	\$ 2,473,394	\$ (276,885)
Component Unit School Board (nonprofessional) Net Pension Liability (Asset)	\$ 1,135,785	\$ 658,653	\$ 272,605

COUNTY OF WESTMORELAND, VIRGINIA

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

Note 10-Pension Plan: (Continued)

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

For the year ended June 30, 2020, the County and Component Unit School Board (nonprofessional) recognized pension expense of (\$760,779), and \$380,410, respectively. At June 30, 2019, 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	\$ 280,501	\$ 22,885	\$ 62,580	\$ -
Change of assumptions	524,163	-	32,573	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,329	2,329	-	-
Net difference between projected and actual earnings on pension plan investments	-	228,084	-	34,553
Employer contributions subsequent to the measurement date	<u>622,237</u>	<u>-</u>	<u>66,543</u>	<u>-</u>
Total	<u>\$ 1,429,230</u>	<u>\$ 253,298</u>	<u>\$ 161,696</u>	<u>\$ 34,553</u>

\$622,237 and \$66,543 reported as deferred outflows of resources related to pensions resulting from the County's and Component Unit School Board's (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ended June 30, 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:

COUNTY OF WESTMORELAND, VIRGINIA

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

Note 10-Pension Plan: (Continued)

<u>Year ended June 30</u>	<u>Primary Government</u>	<u>Component Unit School Board (Nonprofessional)</u>
2021	\$ 408,183	\$ 95,920
2022	94,728	(37,487)
2023	38,101	(622)
2024	12,683	2,789
2025	-	-
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.

Component Unit School Board (professional)

Plan Description

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

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each school division's contractually required employer contribution rate for the year ended June 30, 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 \$1,541,868 and \$1,449,843 for the years ended June 30, 2020 and June 30, 2019, respectively.

COUNTY OF WESTMORELAND, VIRGINIA

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

Note 10-Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

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

At June 30, 2020, the school division reported a liability of \$14,888,550 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, 2019, 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, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the school division's proportion was .11313% as compared to .12031% at June 30, 2018.

For the year ended June 30, 2020, the school division recognized pension expense of \$1,448,827. 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.

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	\$ -	\$ 953,378
Change of assumptions	1,474,316	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	522,140	1,058,712
Net difference between projected and actual earnings on pension plan investments	-	326,917
Employer contributions subsequent to the measurement date	<u>1,541,868</u>	<u>-</u>
Total	<u>\$ 3,538,324</u>	<u>\$ 2,339,007</u>

COUNTY OF WESTMORELAND, VIRGINIA

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

Note 10-Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

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

\$1,541,868 reported as deferred outflows of resources related to pensions resulting from the school division’s contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ended June 30, 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:

<u>Year ended June 30</u>		
2021	\$	(94,108)
2022		(352,700)
2023		15,211
2024		45,058
2025		43,988
Thereafter		-

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.

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.

COUNTY OF WESTMORELAND, VIRGINIA

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

Note 10-Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions: (Continued)

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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 WESTMORELAND, VIRGINIA

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

Note 10-Pension Plan: (Continued)

Component Unit School Board (Professional) (Continued)

Net Pension Liability

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

		Teacher Employee Retirement Plan
Total Pension Liability	\$	49,683,336
Plan Fiduciary Net Position		<u>36,522,769</u>
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:

			Rate			
		(5.75%)		(6.75%)		(7.75%)
School division's proportionate share of the VRS						
Teacher Employee Retirement Plan						
Net Pension Liability (Asset)	\$	22,413,737	\$	14,888,550	\$	8,666,615

COUNTY OF WESTMORELAND, 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 2018 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 11 - COMPENSATED ABSENCES:

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

COUNTY OF WESTMORELAND, VIRGINIA

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

NOTE 12 - LONG TERM OBLIGATIONS:

The following is a summary of long-term obligation transactions of the County for the year ended June 30, 2020:

	Balance July 1, 2019	Issuances/ Increases	Retirements/ Decreases	Balance June 30, 2020
Long-term obligations from governmental activities:				
Direct borrowings and direct placements:				
Lease revenue bonds	\$ 8,483,966	\$ -	\$ 196,835	\$ 8,287,131
Revenue anticipation note		46,910,000	-	46,910,000
General obligation bonds:				
School	940,000	-	115,000	825,000
Other liabilities:				
Bond premium	-	500,530	166,843	333,687
Landfill closure/post-closure liability	119,424	-	119,424	-
Capital leases	5,390,608	-	499,608	4,891,000
Net OPEB liability	886,449	285,239	181,859	989,829
Net pension liability	1,615,086	3,233,894	2,449,788	2,399,192
Compensated absences	594,548	52,136	59,455	587,229
Total from governmental activities	\$ 18,030,081	\$ 50,981,799	\$ 3,788,812	\$ 65,223,068
Long-term obligations from business-type activities:				
Direct borrowings and direct placements:				
Virginia Resources Authority lease revenue bonds	\$ 13,300,456	\$ -	\$ 275,772	\$ 13,024,684
Treatment plant upgrade agreement	66,871	-	6,318	60,553
Other liabilities:				
Net OPEB liability	27,909	9,142	6,437	30,614
Net pension liability	49,951	100,018	75,767	74,202
Compensated absences	17,607	14,162	6,319	25,450
Total from business-type activities	\$ 13,462,794	\$ 123,322	\$ 370,613	\$ 13,215,503
Long-term obligations from component unit:				
Other liabilities:				
Capital lease	\$ 768,171	\$ -	\$ 180,185	\$ 587,986
Net OPEB liability	3,426,968	633,748	1,042,882	3,017,834
Net pension liability	14,475,791	6,127,732	5,056,320	15,547,203
Compensated absences	199,844	64,958	19,984	244,818
Total from component unit	\$ 18,870,774	\$ 6,826,438	\$ 6,299,371	\$ 19,397,841
Total long-term obligations	\$ 50,363,649	\$ 57,931,559	\$ 10,458,796	\$ 97,836,412
Reconciliation to Exhibit 1:				
Primary Government				
Long-term liabilities due within one year				\$ 1,108,887
Long-term liabilities due in more than one year				77,329,684
Component Unit				
Long-term liabilities due within one year				210,611
Long-term liabilities due in more than one year				19,187,230
Total long-term obligations				\$ 97,836,412

COUNTY OF WESTMORELAND, VIRGINIA

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

NOTE 12 - LONG TERM OBLIGATIONS: (Continued)

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

Year Ending June 30,	Direct Borrowings and Direct Placements		Capital Leases		Bond Premium	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 608,619	\$ 1,709,313	\$ 626,869	\$ 139,991	\$ 166,843	\$ -
2022	47,533,816	1,694,116	644,881	121,465	166,844	-
2023	639,526	740,207	664,236	102,357	-	-
2024	660,767	723,965	471,000	84,855	-	-
2025	677,563	707,170	482,000	73,574	-	-
2026-2030	2,993,283	2,962,563	2,590,000	189,061	-	-
2031-2035	3,121,046	2,283,454	-	-	-	-
2036-2040	3,679,550	1,724,950	-	-	-	-
2041-2045	3,964,450	1,080,763	-	-	-	-
2046-2050	3,370,622	488,214	-	-	-	-
2051-2055	1,782,506	89,462	-	-	-	-
2056-2060	75,620	364	-	-	-	-
Total	\$ <u>69,107,368</u>	\$ <u>14,204,541</u>	\$ <u>5,478,986</u>	\$ <u>711,304</u>	\$ <u>333,687</u>	\$ <u>-</u>

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

Details of Long-Term Obligations:

	Amount Outstanding	Due within One year
<u>Governmental Activities:</u>		
<u>Lease Revenue Bonds:</u>		
\$7,500,000 lease revenue bonds, payable in monthly installments of \$28,125 through March 11, 2053, interest payable at 3.125%.	\$ 6,912,479	\$ 123,240
\$1,031,500 lease revenue bonds, payable in monthly installments of \$4,096 through December 28, 2053, interest payable at 3.5%.	968,000	15,519
\$530,000 lease revenue bonds, payable in various annual installments ranging from \$60,952 to \$71,801, due on July 15 through 2025, interest payable semi-annually at 2.34%.	406,652	63,873
Total lease revenue bonds	\$ <u>8,287,131</u>	\$ <u>202,632</u>

COUNTY OF WESTMORELAND, VIRGINIA

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

NOTE 12 - LONG TERM OBLIGATIONS: (Continued)

	<u>Amount Outstanding</u>	<u>Due within One year</u>
<u>Governmental Activities: (Continued)</u>		
<u>Capital Leases:</u>		
The County purchased radio equipment under capital lease agreements. Title to the equipment passes to the entity upon completion of payment of the minimum lease payments. The lease is due in annual installments ranging from \$419,000 to \$543,000 on January 15 through 2030, interest payable semi-annually at 2.395%.	\$ 4,891,000	\$ 439,000
Total Capital Leases	\$ 4,891,000	\$ 439,000
<u>Revenue Anticipation Note:</u>		
The County entered into a \$46,910,000 revenue anticipation note for the new high school, payable in one installment of \$46,910,000, due on June 1, 2022.	\$ 46,910,000	\$ -
<u>Unamortized Bond Premium</u>	\$ 333,687	\$ 166,843
<u>General Obligation Bonds:</u>		
\$1,975,000 general obligation school bonds, payable in annual principal installments of \$115,000, due on June 1 through 2027, interest payable semi-annually at 5.31%.	\$ 825,000	\$ 115,000
<u>Compensated absences (payable from general fund)</u>	\$ 587,229	\$ 58,723
<u>Net pension liability</u>	\$ 2,399,192	\$ -
<u>Net OPEB liability</u>	\$ 989,829	\$ -
Total long-term obligations from governmental activities	\$ 65,223,068	\$ 815,355

COUNTY OF WESTMORELAND, VIRGINIA

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

NOTE 12 - LONG TERM OBLIGATIONS: (Continued)

	<u>Amount Outstanding</u>	<u>Due within One year</u>
<u>Business-type Activities:</u>		
<u>Lease Revenue Bonds:</u>		
\$308,200 Lease revenue bonds, payable in 480 monthly installments of \$1,400 beginning on November 12, 2002, interest payable at 4.50% per year.	\$ 229,313	\$ 6,616
\$1,206,000 Lease revenue bonds, payable in 480 monthly installments of \$4,619 beginning on July 18, 2004, interest payable at 3.25% per year.	865,933	27,695
\$608,930 Lease revenue bonds, payable in 480 monthly installments of \$2,795 beginning on July 18, 2004, interest payable at 4.50% per year.	465,479	12,856
\$375,100 Lease revenue bonds, payable in 454 monthly installments of \$1,722 beginning on March 22, 2007, interest payable at 4.50% per year.	306,132	7,032
\$295,700 Lease revenue bonds, payable in 454 monthly installments of \$1,310 beginning on July 17, 2007, interest payable at 4.25% per year.	241,110	5,581
\$1,174,000 Lease revenue bonds, payable in 454 monthly installments of \$5,107 beginning on October 26, 2007, interest payable at 4.125% per year.	958,784	22,150
\$1,000,000 Lease revenue bonds, payable in 480 monthly installments of \$4,500 beginning on July 20, 2008, interest payable at 4.50% per year.	857,145	15,751
\$1,287,000 Lease revenue bonds, payable in 454 monthly installments of \$5,599 beginning on October 26, 2007, interest payable at 4.125% per year.	1,050,981	24,291
\$1,500,000 revenue bonds, payable in 454 monthly installments of \$5,010 beginning on February 5, 2012, interest payable at 2.375% per year. Interest only due on January 5, 2011 and January 5, 2012.	1,272,031	30,234
\$3,003,000 revenue bonds, payable in 456 monthly installments of \$12,823 beginning on February 5, 2012, interest payable at 4.00% per year. Interest only due on January 5, 2011 and January 5, 2012.	2,665,865	48,118
\$4,308,600 revenue bonds, payable in 456 monthly installments of \$12,969 beginning on June 26, 2018, interest payable at 1.75% per year. Interest only due on May 26, 2017 and May 26, 2018. As of June 30, 2017 proceeds in the amount of \$3,433,178 have been drawn.	4,111,911	84,344
Total Lease Revenue bonds	\$ 13,024,684	\$ 284,668

COUNTY OF WESTMORELAND, VIRGINIA

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

NOTE 12 - LONG TERM OBLIGATIONS: (Continued)

Details of Long-Term Obligations: (Continued)

	<u>Amount Outstanding</u>	<u>Due within One year</u>
<u>Business-type Activities: (Continued)</u>		
Treatment plant upgrade agreement with the Town of Colonial Beach payable in monthly installments of \$526. Interest payable at 0.00% per year.	\$ 60,553	\$ 6,319
<u>Net pension liability (payable from water and sewer funds)</u>	\$ 74,202	\$ -
<u>Net OPEB liability (payable from water and sewer funds)</u>	\$ 30,614	\$ -
<u>Compensated absences (payable from water and sewer funds)</u>	\$ 25,450	\$ 2,545
Total long-term obligations from business-type activities	<u>\$ 13,215,503</u>	<u>\$ 293,532</u>

Component Unit:

Capital Lease:

The School Board purchased energy savings equipment under a capital lease agreement. Title to the equipment passes to the entity upon completion of payment of the minimum lease payments. There are no restrictions imposed by the agreements.

	\$ 587,986	\$ 187,869
<u>Compensated absences (payable from school fund)</u>	\$ 244,818	\$ 22,742
<u>Net Pension Liability</u>	\$ 15,547,203	\$ -
<u>Net OPEB Liability</u>	\$ 3,017,834	\$ -
Total long-term obligations from component unit	<u>\$ 19,397,841</u>	<u>\$ 210,611</u>
Total long-term obligations	<u>\$ 97,836,412</u>	<u>\$ 1,319,498</u>

COUNTY OF WESTMORELAND, VIRGINIA

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

NOTE 13 - UNEARNED AND DEFERRED/UNAVAILABLE REVENUE:

At June 30, 2020:

	Government-wide Statements Governmental Activities	Balance Sheet Governmental Funds
Primary Government:		
Unavailable revenue representing uncollected property tax billings for which asset recognition criteria has not been met. The uncollected tax billings are not available for the funding of current expenditures.	\$ -	\$ 918,037
Prepaid property tax revenues representing collections received for property taxes that are applicable to the subsequent budget year.	82,735	82,735
Unearned revenues - CRF funds	<u>1,084,121</u>	<u>1,084,121</u>
Total	\$ <u><u>1,166,856</u></u>	\$ <u><u>2,084,893</u></u>

NOTE 14 - COMMITMENTS AND CONTINGENCIES:

Federal Programs

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

As of June 30, 2020, the County had outstanding construction commitments in the amount of \$41,919,538.

NOTE 15 - LITIGATION:

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

COUNTY OF WESTMORELAND, VIRGINIA

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

NOTE 16 - LANDFILL CLOSURE AND POST CLOSURE CARE COST:

The County closed its landfill prior to the date mandated by state and federal laws and regulations; thereby, reducing the liability period for post closure monitoring to ten years subsequent to closure. There was no landfill closure and post closure liability necessary at June 30, 2020 for estimated liability for post closure monitoring. These amounts are based on what it would cost to perform all closure and post closure care in 2020. Actual costs may be higher due to inflation, changes in technology or changes in regulations.

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

NOTE 17 - RISK MANAGEMENT:

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

NOTE 18 - SURETY BOND INFORMATION:

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

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

Plan Description

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

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

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

Eligible Employees

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

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the Plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, safety belt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,463 as of June 30, 2020.

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

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.31% 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 GLI Plan from the County were \$36,469 and \$34,000 for the years ended June 30, 2020 and June 30, 2019, respectively. Contributions to School Professional Plan were \$53,624 and \$50,000 for the years ended June 30, 2020 and June 30, 2019, respectively. Contributions to the School Nonprofessional Plan were \$3,748 and \$4,000 for the years ended June 30, 2019 and June 30, 2018, 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, School Board (Professional) and School Board (Nonprofessional) reported a liabilities of \$544,321, \$794,431, and \$57,279, for their proportionate share of the Net GLI OPEB Liability, respectively. 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 as of that date. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance 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, County, School Board (Professional) and School Board (Nonprofessional)'s proportion were .03345%, .04882% and .00352% respectively, as compared to .03265%, .05144% and .00373% at June 30, 2018.

For the year ended June 30, 2020, the County, School Board (Professional) and School Board (Nonprofessional) recognized GLI OPEB expense of \$25,500, \$19,450, and \$242 respectively. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

COUNTY OF WESTMORELAND, VIRGINIA

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

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

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

At June 30, 2020, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	<u>Primary Government</u>		<u>School Professional</u>		<u>School Nonprofessional</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 36,201	\$ 7,060	\$ 52,834	\$ 10,305	\$ 3,809	\$ 742
Net difference between projected and actual earnings on GLI OPEB program investments	-	11,181	-	16,318	-	1,177
Change in assumptions	34,365	16,414	50,156	23,956	3,616	1,727
Changes in proportion	48,778	-	38,764	50,422	-	5,243
Employer contributions subsequent to the measurement date	36,469	-	53,624	-	3,748	-
Total	<u>\$ 155,813</u>	<u>\$ 34,655</u>	<u>\$ 195,378</u>	<u>\$ 101,001</u>	<u>\$ 11,173</u>	<u>\$ 8,889</u>

\$36,469, \$53,624, and \$3,748 reported as deferred outflows of resources related to the GLI OPEB resulting from the respective County, School Board (Professional) and School Board (Nonprofessional)'s contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 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:

<u>Year Ended June 30</u>	<u>Primary Government</u>	<u>School Professional</u>	<u>School Nonprofessional</u>
2021	\$ 14,847	\$ 3,992	\$ (879)
2022	14,847	3,993	(879)
2023	19,583	10,904	(380)
2024	18,220	11,032	74
2025	13,412	8,448	443
Thereafter	3,780	2,384	157

NOTE 19—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)*Actuarial Assumptions*

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 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.

NOTE 19—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)***Actuarial Assumptions: (Continued)*****Mortality Rates - Teachers (Continued)**

The actuarial assumptions used in the June 30, 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 - 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.

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:

NOTE 19—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)***Actuarial Assumptions: (Continued)*****Mortality Rates - Largest Ten Locality Employers - General Employees (Continued)**

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 20.00%
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.

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%

NOTE 19—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)***Actuarial Assumptions: (Continued)*****Mortality Rates - 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.

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
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60.00% to 70.00%
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.

NOTE 19—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)***Actuarial Assumptions: (Continued)*****Mortality Rates - Non-Largest Ten Locality Employers - Hazardous Duty Employees: (Continued)**

The actuarial assumptions used in the June 30, 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 Plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2018, NOL amounts for the GLI Plan is as follows (amounts expressed in thousands):

	Group Life Insurance OPEB Program
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.

NOTE 19—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)***Long-Term Expected Rate of Return***

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

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%
PIP - Private Investment Partr	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.

NOTE 19—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%)
Proportionate share of the Group Life Insurance Program Net OPEB Liability:			
Primary Government	\$ 715,087	\$ 544,321	\$ 405,834
School Professional	1,043,663	794,431	592,312
School Nonprofessional	75,249	57,279	42,706

GLI Plan Fiduciary Net Position

Detailed information about the GLI 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.

COUNTY OF WESTMORELAND, VIRGINIA

Notes of Financial Statements
June 30, 2020 (Continued)

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

Plan Description

The Political Subdivision Health Insurance Credit (HIC) Plan was established pursuant to §51.1-1400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent employees of participating political subdivisions are automatically covered by the VRS Political Subdivision HIC Plan upon employment. This is an agent multiple-employer plan administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The HIC is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

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

Eligible Employees

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

Benefit Amounts

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

HIC Plan Notes

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

COUNTY OF WESTMORELAND, VIRGINIA

Notes of Financial Statements
June 30, 2020 (Continued)

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

Inactive members or their beneficiaries currently receiving benefits	8
Inactive members:	
Vested inactive members	-
Non-vested inactive members	-
Inactive members active elsewhere in VRS	-
Total inactive members	8
Active members	51
Total covered employees	59

Contributions

The contribution requirements for active employees is governed by §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The County contractually required employer contribution rates for the year ended June 30, 2020 were .22% 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 was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the County to the HIC Plan were \$6,092 and \$5,493 for the years ended June 30, 2020 and June 30, 2019, respectively.

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

Net HIC OPEB Liability

The County’s net HIC OPEB liabilities were measured as of June 30, 2019. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2018, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

Actuarial Assumptions

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2017, 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, 2018.

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

*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 the OPEB liabilities.

COUNTY OF WESTMORELAND, VIRGINIA

Notes of Financial Statements
June 30, 2020 (Continued)

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

Actuarial Assumptions: (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 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%

COUNTY OF WESTMORELAND, VIRGINIA

Notes of Financial Statements
June 30, 2020 (Continued)

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

Actuarial Assumptions: (Continued)

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

Pre-Retirement:

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 Life Mortality Table 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:

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

COUNTY OF WESTMORELAND, VIRGINIA

Notes of Financial Statements
June 30, 2020 (Continued)

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

Long-Term Expected Rate of Return

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

<u>Asset Class (Strategy)</u>	<u>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 Stra	6.00%	3.52%	0.21%
PIP - Private Investment Part	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 HIC OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2019, the rate contributed by the entity for the HIC OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2019 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

COUNTY OF WESTMORELAND, VIRGINIA

Notes of Financial Statements
June 30, 2020 (Continued)

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

Changes in Net HIC OPEB Liability

	County		
	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2018	\$ 60,776	\$ 24,330	\$ 36,446
Changes for the year:			
Service cost	\$ 2,535	\$ -	\$ 2,535
Interest	4,131	-	4,131
Benefit changes	-	-	-
Differences between expected and actual experience	448	-	448
Assumption changes	1,618	-	1,618
Contributions - employer	-	5,493	(5,493)
Net investment income	-	1,704	(1,704)
Benefit payments	(3,514)	(3,514)	-
Administrative expenses	-	(38)	38
Other changes	-	(2)	2
Net changes	\$ 5,218	\$ 3,643	\$ 1,575
Balances at June 30, 2019	\$ 65,994	\$ 27,973	\$ 38,021

COUNTY OF WESTMORELAND, VIRGINIA

Notes of Financial Statements
June 30, 2020 (Continued)

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

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Town's			
Net HIC OPEB Liability \$	45,194 \$	38,021 \$	31,914

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

For the year ended June 30, 2020, the County recognized HIC Plan OPEB expense of \$4,689. At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to the HIC Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience \$	373 \$	413
Net difference between projected and actual earnings on HIC OPEB plan investments	-	243
Change in assumptions	1,346	1,069
Employer contributions subsequent to the measurement date	6,092	-
Total	\$ 7,811	\$ 1,725

COUNTY OF WESTMORELAND, VIRGINIA

Notes of Financial Statements
June 30, 2020 (Continued)

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

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

\$6,092 reported by the County as deferred outflows of resources related to the HIC OPEB resulting from the contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>		
2021	\$	(246)
2022		(244)
2023		(93)
2024		263
2025		314
Thereafter		-

HIC Plan Data

Information about the VRS Political Subdivision HIC Plan is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 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 21—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN):

Plan Description

The Virginia Retirement System (VRS) Teacher Employee Health Insurance Credit (HIC) Plan was established pursuant to §51.1-1400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Employee HIC Plan. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The HIC is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

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

Eligible Employees

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

Benefit Amounts

The Teacher Employee HIC Plan is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired teachers. For Teacher and other professional school employees who retire with at least 15 years of service credit, the monthly benefit is \$4.00 per year of service per month with no cap on the benefit amount. For Teacher and other professional school employees who retire on disability or go on long-term disability under the Virginia Local Disability Plan (VLDP), the monthly benefit is either: \$4.00 per month, multiplied by twice the amount of service credit, or \$4.00 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower.

HIC Plan Notes

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

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

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2020 was 1.20% 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 \$123,747 and \$115,000 for the years ended June 30, 2020 and June 30, 2019, respectively.

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

At June 30, 2020, the school division reported a liability of \$1,491,847 for its proportionate share of the VRS Teacher Employee HIC Plan Net OPEB Liability. The Net VRS Teacher Employee HIC Plan OPEB Liability was measured as of June 30, 2019 and the total VRS Teacher Employee HIC Plan OPEB liability used to calculate the Net VRS Teacher Employee HIC Plan 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 Health Insurance Credit Plan OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC Plan OPEB plan for the year ended June 30, 2018 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 Plan was .11396% as compared to .12094% at June 30, 2018.

For the year ended June 30, 2020, the school division recognized VRS Teacher Employee HIC Plan OPEB expense of \$121,256. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher Employee HIC Plan Net OPEB expense was related to deferred amounts from changes in proportion.

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

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

At June 30, 2020, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee HIC Plan OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience \$	-	\$ 8,450
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	94	-
Change in assumptions	34,722	10,366
Change in proportion	67,409	100,814
Employer contributions subsequent to the measurement date	<u>123,747</u>	<u>-</u>
Total	<u>\$ 225,972</u>	<u>\$ 119,630</u>

\$123,747 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:

Year Ended June 30

2021	\$ (111)
2022	(113)
2023	541
2024	322
2025	(4,557)
Thereafter	(13,487)

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

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee HIC Plan was based on an actuarial valuation as of June 30, 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	2.5%
Salary increases, including inflation	3.5%-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.

NOTE 21—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) 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%

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)	\$	<u>1,309,098</u>
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.

NOTE 21—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)***Long-Term Expected Rate of Return***

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

Asset Class (Strategy)	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 Stra	6.00%	3.52%	0.21%
PIP - Private Investment Partr	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

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

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.

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan			
Net HIC OPEB Liability	\$ 1,669,630	\$ 1,491,847	\$ 1,340,820

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.

COUNTY OF WESTMORELAND, VIRGINIA

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

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

Plan Description

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

Benefits Provided

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

Plan Membership

At June 30, 2020 (measurement date), the following employees were covered by the benefit terms:

Active employees	\$	113
Retirees and surviving spouses		3
Spouses of current retirees		<u>1</u>
Total	\$	<u><u>117</u></u>

Contributions

The board does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The County establishes employer contribution rates for plan participants as part of the budgetary process each year. The County also determines how the plan will be funded each year, whether it will partially fund the plan or fully fund the plan. This is determined annually as part of the budgetary process. The amount paid by the County for OPEB as the benefits came due during the year ended June 30, 2020 was \$37,408.

COUNTY OF WESTMORELAND, VIRGINIA

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

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

Total OPEB Liability

The County’s total OPEB liability was measured as of June 30, 2020.

Actuarial Assumptions

The total OPEB liability in the July 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary Increases	3.50% to 5.35% based on years of service
Discount Rate	2.21%
Investment Rate of Return	N/A

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

Discount Rate

The discount rate used when OPEB plan investments are insufficient to pay for future benefit payments is based on the Bond Buyer 20-Year Bond GO Index as of their respective measurement dates. The final equivalent single discount rate used for this year’s valuation is 2.21% as of the end of the fiscal year with the expectation that the County will continue contributing the Actuarially Determined Contribution and paying the pay-go cost from the OPEB Trust.

COUNTY OF WESTMORELAND, VIRGINIA

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

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

Changes in Total OPEB Liability

Changes in Net OPEB Liability - County		Primary Government Total OPEB Liability
Balances at June 30, 2019	\$	381,912
Changes for the year:		
Service cost		50,867
Interest		14,498
Changes in assumptions		28,232
Economic/demographic gains or losses		-
Benefit payments		(37,408)
Net changes		56,189
Balances at June 30, 2020	\$	438,101

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

The following amounts present the total OPEB liability of the County, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.21%) or one percentage point higher (3.21%) than the current discount rate:

Rate		
1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
\$ 477,051	\$ 438,101	\$ 402,617

COUNTY OF WESTMORELAND, VIRGINIA

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

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

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

The following presents the total OPEB liability of the County, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (6.2% decreasing to an ultimate rate of 5.2%) or one percentage point higher (7.2% decreasing to an ultimate rate of 6.2%) than the current healthcare cost trend rates:

Rates		
Healthcare Cost		
1% Decrease	Trend	1% Increase
\$ 369,835	\$ 438,101	\$ 521,770

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

For the year ended June 30, 2020, the County recognized OPEB expense in the amount of \$48,699. At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 18,481
Changes in assumptions	21,958	58,924
Total	\$ 21,958	\$ 77,405

COUNTY OF WESTMORELAND, VIRGINIA

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

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

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources: (Continued)

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

Year Ended June 30	
2021	\$ (16,666)
2022	(16,666)
2023	(15,094)
2024	(7,021)
2025	-
Thereafter	-

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

COUNTY OF WESTMORELAND, VIRGINIA

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

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

Plan Description

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

Benefits Provided

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

Plan Membership

At June 30, 2020 (measurement date), the following employees were covered by the benefit terms:

Active	\$	223
Retirees and surviving spouses		3
Spouse of current retiree		1
Total	\$	<u>227</u>

Contributions

The board does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the School Board. The amount paid by the School for OPEB as the benefits came due during the year ended June 30, 2020 was \$27,662.

COUNTY OF WESTMORELAND, VIRGINIA

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

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

Total OPEB Liability

The School Board's total OPEB liability was measured as of June 30, 2020.

Actuarial Assumptions

The total OPEB liability in the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary Increases	Ranges from 3.50% to 5.35% based on years of service
Discount Rate	2.21%

Mortality Rates:

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

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

COUNTY OF WESTMORELAND, VIRGINIA

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

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

Discount Rate

The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Index. The final equivalent single discount rate used for this year's valuation is 2.21% as of the end of the fiscal year with the expectation that the School Board will continue paying the pay-go cost.

Changes in Total OPEB Liability

Changes in Net OPEB Liability - School Board		
		Primary Government Total OPEB Liability
Balances at June 30, 2019	\$	1,051,968
Changes for the year:		
Service cost		55,041
Interest		38,265
Effect of plan changes		(323,393)
Effect of economic/demographic gains or losses		(66,919)
Effect of assumption changes		(53,023)
Benefit payments		(27,662)
Net changes		(377,691)
Balances at June 30, 2020	\$	674,277

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

The following amounts present the total OPEB liability of the School Board, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.21%) or one percentage point higher (3.21%) than the current discount rate:

Rate		
1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
\$ 708,762	\$ 674,277	\$ 637,349

COUNTY OF WESTMORELAND, VIRGINIA

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

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

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

The following presents the total OPEB liability of the School Board, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (.30% increasing to an ultimate rate of 5.00%) or one percentage point higher (5.0% increasing to an ultimate rate of 6.00%) than the current healthcare cost trend rates:

Rates		
Healthcare Cost		
1% Decrease	Trend	1% Increase
\$ 581,491	\$ 674,277	\$ 784,294

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

For the year ended June 30, 2020, the School Board recognized OPEB expense in the amount of (\$246,985). At June 30, 2020, the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 56,931
Changes in assumptions	23,331	64,524
Total	\$ 23,331	\$ 121,455

COUNTY OF WESTMORELAND, VIRGINIA

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

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

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources: (Continued)

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

Year Ended June 30

2020	\$	(16,898)
2021		(16,898)
2022		(16,898)
2023		(16,998)
2024		(17,902)
Thereafter		(12,530)

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

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

	Primary Government			
	Net OPEB Liability	Deferred Outflows	Deferred Inflows	OPEB Expense
School Pay-as-you-go (Note 23)	\$ -	\$ -	\$ -	\$ -
County Pay-as-you-go (Note 22)	438,101	21,958	77,405	48,699
Group Life County - (Note 19)	544,321	155,813	34,655	25,000
County HIC Program (Note 20)	38,021	7,811	1,725	4,689
Total	<u>\$ 1,020,443</u>	<u>\$ 185,582</u>	<u>\$ 113,785</u>	<u>\$ 78,388</u>
	Component Unit School Board			
	Net OPEB Liability	Deferred Outflows	Deferred Inflows	OPEB Expense
School Pay-as-you-go (Note 23)	\$ 674,277	\$ 23,331	\$ 121,455	\$ (246,985)
Group Life - School Professional (Note 19)	794,431	195,378	101,001	19,540
Group Life - School Nonprofessional (Note 19)	57,279	11,173	8,889	242
Teacher HIC Program (Note 21)	1,491,847	225,972	119,630	121,256
Total	<u>\$ 3,017,834</u>	<u>\$ 455,854</u>	<u>\$ 350,975</u>	<u>\$ (105,947)</u>

NOTE 24—COVID-19 Pandemic Subsequent Event Note:

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 Westmoreland, Virginia is not able to estimate the effects of the COVID-19 pandemic for fiscal year 2021.

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 Westmoreland Virginia, received the second round of CRF funds in the amount of \$1,571,739 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.

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REQUIRED SUPPLEMENTARY INFORMATION

Note to Required Supplementary Information:

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

General Fund

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

	Budgeted Amounts				Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts		
REVENUES					
General property taxes	\$ 20,271,429	\$ 20,271,429	\$ 20,105,035	\$	(166,394)
Other local taxes	2,173,666	2,173,666	2,439,803		266,137
Permits, privilege fees, and regulatory licenses	222,600	222,600	520,326		297,726
Fines and forfeitures	136,000	137,466	199,475		62,009
Revenue from the use of money and property	222,727	222,727	384,585		161,858
Charges for services	51,719	63,367	85,058		21,691
Miscellaneous	86,150	286,794	318,545		31,751
Recovered costs	1,268,673	1,306,414	1,352,595		46,181
Intergovernmental:					
Commonwealth	5,965,667	6,299,371	6,288,885		(10,486)
Federal	1,085,990	2,765,994	2,166,701		(599,293)
Total revenues	\$ 31,484,621	\$ 33,749,828	\$ 33,861,008	\$	111,180
EXPENDITURES					
Current:					
General government administration	\$ 3,177,414	\$ 3,547,454	\$ 3,051,097	\$	496,357
Judicial administration	1,117,544	1,169,857	1,102,536		67,321
Public safety	7,188,718	8,262,665	7,598,510		664,155
Public works	2,979,420	3,275,930	2,927,448		348,482
Health and welfare	4,559,789	4,757,744	4,421,566		336,178
Education	8,854,855	10,208,915	9,134,489		1,074,426
Parks, recreation, and cultural	503,258	513,267	507,098		6,169
Community development	534,776	731,915	567,751		164,164
Nondepartmental	182,778	182,778	176,778		6,000
Capital projects	569,096	5,357,923	2,814,936		2,542,987
Debt service:					
Principal retirement	914,246	914,246	914,246		-
Interest and other fiscal charges	481,419	481,419	481,417		2
Total expenditures	\$ 31,063,313	\$ 39,404,113	\$ 33,697,872	\$	5,706,241
Excess (deficiency) of revenues over (under) expenditures	\$ 421,308	\$ (5,654,285)	\$ 163,136	\$	5,817,421
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ 32,000	\$ 196,487	\$ 196,487	\$	-
Total other financing sources (uses)	\$ 32,000	\$ 196,487	\$ 196,487	\$	-
Net change in fund balances	\$ 453,308	\$ (5,457,798)	\$ 359,623	\$	5,817,421
Fund balances - beginning	(453,308)	5,457,798	14,135,902		8,678,104
Fund balances - ending	\$ -	\$ -	\$ 14,495,525	\$	14,495,525

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	2017	2016	2015	2014
Total pension liability						
Service cost	\$ 690,198	\$ 715,093	\$ 670,396	\$ 642,911	\$ 648,302	\$ 608,513
Interest	1,773,060	1,658,624	1,613,872	1,636,243	1,554,107	1,477,841
Differences between expected and actual experience	88,440	560,982	(366,157)	(1,497,135)	(78,724)	-
Changes in assumptions	765,175	-	5,897	-	-	-
Benefit payments	(1,312,558)	(1,287,255)	(1,282,127)	(921,085)	(979,525)	(1,014,156)
Net change in total pension liability	\$ 2,004,315	\$ 1,647,444	\$ 641,881	\$ (139,066)	\$ 1,144,160	\$ 1,072,198
Total pension liability - beginning	25,985,704	24,338,260	23,696,379	23,835,445	22,691,285	21,619,087
Total pension liability - ending (a)	\$ 27,990,019	\$ 25,985,704	\$ 24,338,260	\$ 23,696,379	\$ 23,835,445	\$ 22,691,285
Plan fiduciary net position						
Contributions - employer	\$ 588,834	\$ 603,624	\$ 586,693	\$ 672,423	\$ 633,577	\$ 667,482
Contributions - employee	312,664	298,340	289,810	252,601	244,702	248,749
Net investment income	1,624,057	1,699,333	2,530,844	364,286	907,326	2,710,890
Benefit payments	(1,312,558)	(1,287,255)	(1,282,127)	(921,085)	(979,525)	(1,014,156)
Administrator charges	(16,020)	(14,732)	(14,715)	(12,671)	(12,350)	(14,578)
Other	(1,019)	(1,510)	(2,250)	(153)	(193)	143
Net change in plan fiduciary net position	\$ 1,195,958	\$ 1,297,800	\$ 2,108,255	\$ 355,401	\$ 793,537	\$ 2,598,530
Plan fiduciary net position - beginning	24,320,667	23,022,867	20,914,612	20,559,211	19,765,674	17,167,144
Plan fiduciary net position - ending (b)	\$ 25,516,625	\$ 24,320,667	\$ 23,022,867	\$ 20,914,612	\$ 20,559,211	\$ 19,765,674
County's net pension liability - ending (a) - (b)	\$ 2,473,394	\$ 1,665,037	\$ 1,315,393	\$ 2,781,767	\$ 3,276,234	\$ 2,925,611
Plan fiduciary net position as a percentage of the total pension liability	91.16%	93.59%	94.60%	88.26%	86.25%	87.11%
Covered payroll	\$ 6,551,860	\$ 6,197,162	\$ 5,970,248	\$ 5,131,610	\$ 4,810,683	\$ 4,926,874
County's net pension liability as a percentage of covered payroll	37.75%	26.87%	22.03%	54.21%	68.10%	59.38%

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

Schedule of Changes in Net Pension Liability and Related Ratios

Component Unit School Board (nonprofessional)

Pension Plans

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

	2019	2018	2017	2016	2015	2014
Total pension liability						
Service cost	\$ 70,864	\$ 75,447	\$ 77,136	\$ 85,052	\$ 84,808	\$ 98,467
Interest	294,007	274,669	275,668	265,470	262,208	252,023
Differences between expected and actual experience	211,579	199,979	(114,005)	24,513	(83,136)	-
Changes of assumptions	110,127	-	(4,064)	-	-	-
Benefit payments	(277,985)	(269,707)	(228,312)	(230,372)	(204,176)	(205,806)
Net change in total pension liability	\$ 408,592	\$ 280,388	\$ 6,423	\$ 144,663	\$ 59,704	\$ 144,684
Total pension liability - beginning	<u>4,339,088</u>	<u>4,058,700</u>	<u>4,052,277</u>	<u>3,907,614</u>	<u>3,847,910</u>	<u>3,703,226</u>
Total pension liability - ending (a)	<u>\$ 4,747,680</u>	<u>\$ 4,339,088</u>	<u>\$ 4,058,700</u>	<u>\$ 4,052,277</u>	<u>\$ 3,907,614</u>	<u>\$ 3,847,910</u>
Plan fiduciary net position						
Contributions - employer	\$ 64,017	\$ 59,979	\$ 62,921	\$ 74,703	\$ 77,446	\$ 76,884
Contributions - employee	34,115	34,871	36,575	35,640	37,061	36,335
Net investment income	260,455	284,160	432,043	61,050	161,881	495,868
Benefit payments	(277,985)	(269,707)	(228,312)	(230,372)	(204,176)	(205,806)
Administrator charges	(2,709)	(2,550)	(2,569)	(2,313)	(2,275)	(2,729)
Other	(163)	(249)	(382)	(26)	(34)	26
Net change in plan fiduciary net position	\$ 77,730	\$ 106,504	\$ 300,276	\$ (61,318)	\$ 69,903	\$ 400,578
Plan fiduciary net position - beginning	<u>4,011,297</u>	<u>3,904,793</u>	<u>3,604,517</u>	<u>3,665,835</u>	<u>3,595,932</u>	<u>3,195,354</u>
Plan fiduciary net position - ending (b)	<u>\$ 4,089,027</u>	<u>\$ 4,011,297</u>	<u>\$ 3,904,793</u>	<u>\$ 3,604,517</u>	<u>\$ 3,665,835</u>	<u>\$ 3,595,932</u>
School Division's net pension liability - ending (a) - (b)	\$ 658,653	\$ 327,791	\$ 153,907	\$ 447,760	\$ 241,779	\$ 251,978
Plan fiduciary net position as a percentage of the total pension liability	86.13%	92.45%	96.21%	88.95%	93.81%	93.45%
Covered payroll	\$ 690,577	\$ 709,125	\$ 741,630	\$ 719,396	\$ 743,755	\$ 726,912
School Division's net pension liability as a percentage of covered payroll	95.38%	46.22%	20.75%	62.24%	32.51%	34.66%

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

Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan
Pension Plans
For The Measurement Dates of June 30, 2014 through June 30, 2019

	2019	2018	2017	2016	2015	2014
Employer's Proportion of the Net Pension Liability (Asset)	0.11310%	0.12031%	0.12267%	0.11459%	0.11744%	0.11661%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 14,888,550	\$ 14,148,000	\$ 15,086,000	\$ 16,059,000	\$ 14,781,000	\$ 14,092,000
Employer's Covered Payroll	9,558,257	9,776,252	9,890,689	8,831,974	8,268,366	8,098,877
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	155.77%	144.72%	152.53%	181.83%	178.77%	174.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.81%	74.81%	72.92%	68.28%	70.68%	70.88%

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

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

Schedule of Employer Contributions

Pension Plans

For The Years Ended June 30, 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	\$ 622,237	\$ 622,237	\$ -	\$ 7,007,158	8.88%
2019	588,834	588,834	-	6,551,860	8.99%
2018	603,623	603,623	-	6,197,162	9.74%
2017	599,413	599,413	-	5,970,248	10.04%
2016	677,886	677,886	-	5,131,610	13.21%
2015	635,491	635,491	-	4,810,683	13.21%
2014	667,591	667,591	-	4,926,874	13.55%
2013	637,148	637,148	-	4,702,198	13.55%
2012	483,488	483,488	-	4,472,603	10.81%
2011	478,623	478,623	-	4,427,592	10.81%
Component Unit School Board (Nonprofessional)					
2020	\$ 66,543	\$ 66,543	\$ -	\$ 720,745	9.23%
2019	64,017	64,017	-	690,577	9.27%
2018	59,983	59,983	-	709,125	8.46%
2017	63,558	63,558	-	741,630	8.57%
2016	75,033	75,033	-	719,396	10.43%
2015	77,574	77,574	-	743,755	10.43%
2014	76,907	76,907	-	726,912	10.58%
2013	88,952	88,952	-	840,755	10.58%
2012	75,948	75,948	-	941,121	8.07%
2011	77,553	77,553	-	961,009	8.07%
Component Unit School Board (Professional)					
2020	\$ 1,541,868	\$ 1,541,868	\$ -	\$ 10,312,225	14.95%
2019	1,449,843	1,449,843	-	9,558,257	15.17%
2018	1,733,735	1,733,735	-	9,776,252	16.32%
2017	1,449,975	1,449,975	-	9,890,689	14.66%
2016	1,227,802	1,227,802	-	8,831,974	13.90%
2015	1,198,913	1,198,913	-	8,268,366	14.50%

Current year contributions are from County records and prior year contributions are from the VRS actuarial valuation performed each year.

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

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

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%

Componer

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 of Westmoreland, Virginia's Share of Net OPEB Liability
 Group Life Insurance (GLI) Plan
 For the Measurement Dates of June 30, 2017 through June 30, 2019

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
Primary Government					
2019	0.33450% \$	544,321 \$	6,557,341	8.30%	52.00%
2018	0.03265%	496,000	6,208,077	7.99%	51.22%
2017	0.03238%	488,000	5,972,040	8.17%	48.86%
Component Unit School Board (Nonprofessional)					
2019	0.00352% \$	57,279 \$	690,577	8.29%	52.00%
2018	0.00373%	57,000	709,125	8.04%	51.22%
2017	0.00402%	60,000	741,630	8.09%	48.86%
Component Unit School Board (Professional)					
2019	0.04882% \$	794,431 \$	9,558,257	8.31%	52.00%
2018	0.05144%	782,000	9,781,015	8.00%	51.22%
2017	0.05280%	795,000	9,739,667	8.16%	48.86%

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

Schedule of Employer Contributions

Group Life Insurance (GLI) Plan

For the Years Ended June 30, 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	\$	36,469	\$ 36,469	\$ -	\$ 7,013,227	0.52%
2019		34,098	34,098	-	6,557,341	0.52%
2018		32,282	32,282	-	6,208,077	0.52%
2017		31,055	31,055	-	5,972,040	0.52%
2016		24,658	24,658	-	5,137,105	0.48%
2015		23,091	23,091	-	4,810,683	0.48%
2014		23,649	23,649	-	4,926,874	0.48%
2013		22,571	22,571	-	4,702,199	0.48%
2012		12,523	12,523	-	4,472,603	0.28%
2011		12,397	12,397	-	4,427,592	0.28%
Component Unit School Board (Nonprofessional)						
2020	\$	3,748	\$ 3,748	\$ -	\$ 720,745	0.52%
2019		3,591	3,591	-	690,577	0.52%
2018		3,687	3,687	-	709,125	0.52%
2017		3,856	3,856	-	741,630	0.52%
2016		3,453	3,453	-	719,395	0.48%
2015		3,570	3,570	-	743,755	0.48%
2014		3,489	3,489	-	726,912	0.48%
2013		4,093	4,093	-	852,801	0.48%
2012		2,686	2,686	-	959,367	0.28%
2011		2,747	2,747	-	981,144	0.28%
Component Unit School Board (Professional)						
2020	\$	53,624	\$ 53,624	\$ -	\$ 10,312,225	0.52%
2019		49,771	49,771	-	9,558,257	0.52%
2018		50,861	50,861	-	9,781,015	0.52%
2017		50,646	50,646	-	9,739,667	0.52%
2016		41,975	41,975	-	8,744,831	0.48%
2015		41,912	41,912	-	8,731,688	0.48%
2014		40,933	40,933	-	8,527,695	0.48%
2013		41,492	41,492	-	8,644,153	0.48%
2012		22,557	22,557	-	8,056,241	0.28%
2011		21,526	21,526	-	7,688,003	0.28%

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

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 Changes in the Net OPEB Liability and Related Ratios
Health Insurance Credit (HIC) Plan
For the Measurement Dates of June 30, 2017 through June 30, 2019

	2019	2018	2017
Total HIC OPEB Liability			
Service cost	\$ 2,535	\$ 2,862	\$ 2,503
Interest	4,131	3,918	3,795
Differences between expected and actual experience	448	(611)	-
Changes of assumptions	1,618	-	(2,146)
Benefit payments	(3,514)	(2,738)	(2,062)
Net change in total HIC OPEB liability	\$ 5,218	\$ 3,431	\$ 2,090
Total HIC OPEB Liability - beginning	60,776	57,345	55,255
Total HIC OPEB Liability - ending (a)	\$ 65,994	\$ 60,776	\$ 57,345
Plan fiduciary net position			
Contributions - employer	\$ 5,493	\$ 6,287	\$ 5,895
Net investment income	1,704	1,490	1,824
Benefit payments	(3,514)	(2,738)	(2,062)
Administrator charges	(38)	(39)	(35)
Other	(2)	(79)	79
Net change in plan fiduciary net position	\$ 3,643	\$ 4,921	\$ 5,701
Plan fiduciary net position - beginning	24,330	19,409	13,708
Plan fiduciary net position - ending (b)	\$ 27,973	\$ 24,330	\$ 19,409
Net HIC OPEB liability - ending (a) - (b)	\$ 38,021	\$ 36,446	\$ 37,936
Plan fiduciary net position as a percentage of the total HIC OPEB liability	42.39%	40.03%	33.85%
Covered payroll	\$ 2,496,883	\$ 2,329,923	\$ 2,184,545
Net HIC OPEB liability as a percentage of covered payroll	1.52%	1.56%	1.74%

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

Schedule of Employer Contributions

Health Insurance Credit (HIC) Plan

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

Date	Contributions in Relation to		Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
	Contractually Required Contribution	Contractually Required Contribution			
(1)	(2)	(3)	(4)	(5)	
Primary Government					
2020	\$ 6,092	\$ 6,092	\$ -	\$ 2,769,139	0.22%
2019	5,493	5,493	-	2,496,883	0.22%
2018	6,291	6,291	-	2,329,923	0.27%
2017	5,898	5,898	-	2,184,545	0.27%
2016	4,021	4,021	-	1,675,322	0.24%
2015	3,357	3,357	-	1,398,662	0.24%
2014	1,409	1,409	-	1,409,222	0.10%
2013	4,701	4,701	-	4,701,170	0.10%
2012	3,578	3,578	-	4,472,603	0.08%
2011	3,542	3,542	-	4,427,592	0.08%

Notes to Required Supplementary Information
 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:

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% to 45%
Discount Rate	Decreased rate from 7.00% to 6.75%

Schedule of Westmoreland School Board's Share of Net OPEB Liability
Teacher Employee Health Insurance Credit (HIC) Plan
For the Measurement Dates of June 30, 2017 through June 30, 2019

Date (1)	Employer's Proportion of the Net HIC OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability (6)
2019	0.11396%	\$ 1,491,847	\$ 9,558,257	15.61%	8.97%
2018	0.12094%	1,536,000	9,781,015	15.70%	8.08%
2017	0.12341%	1,565,000	9,739,667	16.07%	7.04%

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

Schedule of Employer Contributions
 Teacher Employee Health Insurance Credit (HIC) Plan
 For the Years Ended June 30, 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)
2020	\$ 123,747	\$ 123,747	\$ -	\$ 10,312,225	1.20%
2019	114,699	114,699	-	9,558,257	1.20%
2018	120,306	120,306	-	9,781,015	1.23%
2017	108,110	108,110	-	9,739,667	1.11%
2016	92,613	92,613	-	8,737,106	1.06%
2015	92,556	92,556	-	8,731,688	1.06%
2014	94,657	94,657	-	8,527,695	1.11%
2013	94,660	94,660	-	8,527,883	1.11%
2012	47,577	47,577	-	7,929,467	0.60%
2011	46,120	46,120	-	7,686,586	0.60%

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

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

Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
Pay-As-You-Go Plan
For the Measurement Dates of June 30, 2018 through 2020

	Primary Government 2020	Primary Government 2019	Primary Government 2018
Total OPEB liability			
Service cost	\$ 50,867	\$ 49,903	\$ 50,455
Interest	14,498	17,859	16,284
Changes in assumptions	28,232	(82,701)	(14,166)
Economic/demographic gains or losses	-	(29,041)	-
Benefit payments	(37,408)	(29,202)	(24,355)
Net change in total OPEB liability	\$ 56,189	\$ (73,182)	\$ 28,218
Total OPEB liability - beginning	381,912	455,094	426,876
Total OPEB liability - ending	<u>\$ 438,101</u>	<u>\$ 381,912</u>	<u>\$ 455,094</u>
 Covered payroll	 \$ 5,461,505	 \$ 5,461,505	 \$ 4,971,600
 School Board's total OPEB liability (asset) as a percentage of covered payroll	 8.02%	 6.99%	 9.15%

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

Notes to Required Supplementary Information - Pay-As-You Go OPEB Plan
For the Year Ended June 30, 2020

Valuation Date: 7/1/2018
Measurement Date: 6/30/2020

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	2.21%
Inflation	2.50%
Healthcare Trend Rate	The healthcare trend rate assumption starts at 6.2% in 2019 then 7.10% to 4.0% over 54 years.
Salary Increase Rates	3.50% to 5.35% based on years of service
Retirement Age	Based in VRS eligibility and service requirements
Mortality Rates	The mortality rates are based on the RP-2020 Employee Mortality Tables.

Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
 Component Unit School Board
 For the Measurement Dates of June 30, 2018 through 2020

	2020	2019	2018
Total OPEB liability			
Service cost	\$ 55,041	\$ 56,509	\$ 57,806
Interest	38,265	38,623	34,151
Effect of plan changes	(323,393)		
Effect of economic/demographic gains or losses	(66,919)		
Changes in assumptions	(53,023)	35,297	(34,352)
Benefit payments	(27,662)	(39,642)	(28,442)
Net change in total OPEB liability	\$ (377,691)	\$ 90,787	\$ 29,163
Total OPEB liability - beginning	1,051,968	961,181	932,018
Total OPEB liability - ending	<u>\$ 674,277</u>	<u>\$ 1,051,968</u>	<u>\$ 961,181</u>
Covered payroll	\$ 10,103,423	\$ 10,512,834	\$ 10,512,834
School Board's total OPEB liability (asset) as a percentage of covered payroll	6.67%	10.01%	9.14%

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

Notes to Required Supplementary Information - Component Unit School Board Pay-As-You Go OPEB Plan
For the Year Ended June 30, 2020

Valuation Date: 1/1/2020
Measurement Date: 6/30/2020

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal
Discount Rate	2.21%
Inflation	2.50%
Healthcare Trend Rate	The healthcare trend rate assumption starts at 3.50% and gradually increases to 4.20% by 2092 for pre-65 and 1.80% gradually increases to 4.60% for post-65
Salary Increase Rates	Ranges from 3.50% to 5.35% based on years of service
Retirement Age	Based in VRS eligibility and service requirements
Mortality Rates	The mortality rates are based on the RP-2014 Employee Mortality Tables.

OTHER SUPPLEMENTARY INFORMATION

Combining and Individual Fund Financial Statements and Schedules

Capital Projects Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

For the Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 5,600	\$ 5,600	\$ 346,505	\$ 340,905
Total revenues	<u>\$ 5,600</u>	<u>\$ 5,600</u>	<u>\$ 346,505</u>	<u>\$ 340,905</u>
EXPENDITURES				
Capital projects	\$ 490,254	\$ 47,256,846	\$ 4,327,341	\$ 42,929,505
Debt service:				
Interest and other fiscal charges	-	1,095,117	1,095,117	-
Total expenditures	<u>\$ 490,254</u>	<u>\$ 48,351,963</u>	<u>\$ 5,422,458</u>	<u>\$ 42,929,505</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (484,654)</u>	<u>\$ (48,346,363)</u>	<u>\$ (5,075,953)</u>	<u>\$ 43,270,410</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ -	\$ -	\$ (164,487)	\$ (164,487)
Issuance of revenue anticipation notes	-	-	46,910,000	46,910,000
Bond premium			500,530	500,530
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,246,043</u>	<u>\$ 47,246,043</u>
Net change in fund balances	\$ (484,654)	\$ (48,346,363)	\$ 42,170,090	\$ 90,516,453
Fund balances - beginning	484,654	48,346,363	982,875	(47,363,488)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,152,965</u>	<u>\$ 43,152,965</u>

Combining Balance Sheet
 Nonmajor Special Revenue Funds
 June 30, 2020

	Placid Bay Sanitary District Fund	Glebe Harbor Cabin Point Sanitary District Fund	Total
ASSETS			
Cash and cash equivalents	\$ 539,491	\$ 221,769	\$ 761,260
Investments	2,666	-	2,666
Restricted assets:			
Investments	49,152	-	49,152
Total assets	<u>\$ 591,309</u>	<u>\$ 221,769</u>	<u>\$ 813,078</u>
LIABILITIES			
Accounts payable	<u>\$ 32,796</u>	<u>\$ 18,510</u>	<u>\$ 51,306</u>
FUND BALANCES:			
Restricted	\$ 49,152	\$ -	\$ 49,152
Committed	509,361	203,259	712,620
Total fund balances	<u>\$ 558,513</u>	<u>\$ 203,259</u>	<u>\$ 761,772</u>
Total liabilities and fund balances	<u>\$ 591,309</u>	<u>\$ 221,769</u>	<u>\$ 813,078</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Special Revenue Funds
 For the Year Ended June 30, 2020

	Placid Bay Sanitary District Fund	Glebe Harbor Cabin Point Sanitary District Fund	Total
REVENUES			
General property taxes	\$ 54,948	\$ -	\$ 54,948
Revenue from the use of money and property	867	-	867
Charges for services	183,015	272,318	455,333
Total revenues	\$ 238,830	\$ 272,318	\$ 511,148
EXPENDITURES			
Current:			
Community development	\$ -	\$ 98,918	\$ 98,918
Capital projects	185,964	34,800	220,764
Debt service:			
Principal retirement	14,986	62,396	77,382
Interest and other fiscal charges	34,166	10,245	44,411
Total expenditures	\$ 235,116	\$ 206,359	\$ 441,475
Excess (deficiency) of revenues over (under) expenditures	\$ 3,714	\$ 65,959	\$ 69,673
OTHER FINANCING SOURCES (USES)			
Transfers out	\$ -	\$ (32,000)	\$ (32,000)
Total other financing sources (uses)	\$ -	\$ (32,000)	\$ (32,000)
Net change in fund balances	\$ 3,714	\$ 33,959	\$ 37,673
Fund balances - beginning	554,799	169,300	724,099
Fund balances - ending	\$ 558,513	\$ 203,259	\$ 761,772

COUNTY OF WESTMORELAND, VIRGINIA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2020

	Placid Bay Sanitary District Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 54,157	\$ 54,157	\$ 54,948	\$ 791
Revenue from the use of money and property	300	300	867	567
Charges for services	164,100	164,100	183,015	18,915
Total revenues	\$ 218,557	\$ 218,557	\$ 238,830	\$ 20,273
EXPENDITURES				
Current:				
Community development	\$ -	\$ -	\$ -	-
Capital projects	182,069	533,644	185,964	347,680
Debt service:				
Principal retirement	14,986	14,986	14,986	-
Interest and other fiscal charges	34,166	34,166	34,166	-
Total expenditures	\$ 231,221	\$ 582,796	\$ 235,116	\$ 347,680
Excess (deficiency) of revenues over (under) expenditures	\$ (12,664)	\$ (364,239)	\$ 3,714	\$ 367,953
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ -	\$ -	\$ -	-
Total other financing sources (uses)	\$ -	\$ -	\$ -	-
Net change in fund balances	\$ (12,664)	\$ (364,239)	\$ 3,714	\$ 367,953
Fund balances - beginning	(1,093)	298,523	554,799	256,276
Fund balances - ending	\$ (13,757)	\$ (65,716)	\$ 558,513	\$ 624,229

Glebe Harbor-Cabin Point Sanitary District Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
- \$	- \$	- \$	-
-	-	-	-
262,800	262,964	272,318	9,354
262,800 \$	262,964 \$	272,318 \$	9,354
144,935 \$	98,918 \$	98,918 \$	-
5,000	72,108	34,800	37,308
62,396	62,396	62,396	-
10,246	37,609	10,245	27,364
222,577 \$	271,031 \$	206,359 \$	64,672
40,223 \$	(8,067) \$	65,959 \$	74,026
(32,000) \$	(32,000) \$	(32,000) \$	-
(32,000) \$	(32,000) \$	(32,000) \$	-
8,223 \$	(40,067) \$	33,959 \$	74,026
(35,229)	127,939	169,300	41,361
(27,006) \$	87,872 \$	203,259 \$	115,387

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

	<u>Agency Funds</u>		
	<u>Special Welfare</u>	<u>Alternative Education Program</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ <u>32,876</u>	\$ <u>79,573</u>	\$ <u>112,449</u>
LIABILITIES			
Accounts payable and accrued liabilities	\$ 18,817	\$ 39,617	\$ 58,434
Amounts held for social services clients	14,059	-	14,059
Amounts held for alternative education program	-	39,956	39,956
Total liabilities	\$ <u>32,876</u>	\$ <u>79,573</u>	\$ <u>112,449</u>

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

	Balance Beginning	Additions	Deletions	Balance End of Year
Special Welfare:				
ASSETS				
Cash and cash equivalents	\$ 37,338	\$ 32,876	\$ 37,338	\$ 32,876
Total assets	<u>\$ 37,338</u>	<u>\$ 32,876</u>	<u>\$ 37,338</u>	<u>\$ 32,876</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$ 28,384	\$ 18,817	\$ 28,384	\$ 18,817
Amounts held for social services clients	8,954	14,059	8,954	14,059
Total liabilities	<u>\$ 37,338</u>	<u>\$ 32,876</u>	<u>\$ 37,338</u>	<u>\$ 32,876</u>
Alternative Education Program:				
ASSETS				
Cash and cash equivalents	\$ 81,089	\$ 307,044	\$ 308,560	\$ 79,573
Total assets	<u>\$ 81,089</u>	<u>\$ 307,044</u>	<u>\$ 308,560</u>	<u>\$ 79,573</u>
LIABILITIES				
Amounts payable and accrued liabilities	\$ 36,885	\$ 39,617	\$ 36,885	\$ 39,617
Amounts held for alternative education program	44,204	267,427	271,675	39,956
Total liabilities	<u>\$ 81,089</u>	<u>\$ 307,044</u>	<u>\$ 308,560</u>	<u>\$ 79,573</u>
Totals - All Agency Funds:				
ASSETS				
Cash and cash equivalents	\$ 118,427	\$ 339,920	\$ 345,898	\$ 112,449
Total assets	<u>\$ 118,427</u>	<u>\$ 339,920</u>	<u>\$ 345,898</u>	<u>\$ 112,449</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$ 65,269	\$ 58,434	\$ 65,269	\$ 58,434
Amounts held for social services clients	8,954	14,059	8,954	14,059
Amounts held for alternative education program	44,204	267,427	271,675	39,956
Total liabilities	<u>\$ 118,427</u>	<u>\$ 339,920</u>	<u>\$ 345,898</u>	<u>\$ 112,449</u>

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

	School Operating Fund	School Cafeteria Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 2,997,567	\$ 242,727	\$ 3,240,294
Receivables (net of allowance for uncollectibles):			
Accounts receivable	25,934	8,689	34,623
Due from other governmental units	516,938	162,449	679,387
Prepaid items	292,774	-	292,774
Total assets	<u>\$ 3,833,213</u>	<u>\$ 413,865</u>	<u>\$ 4,247,078</u>
LIABILITIES			
Accounts payable	\$ 251,046	\$ 75,985	\$ 327,031
Accrued liabilities	1,931,258	101,985	2,033,243
Due to primary government	49,343	-	49,343
Due to other governmental units	74,566	-	74,566
Total liabilities	<u>\$ 2,306,213</u>	<u>\$ 177,970</u>	<u>\$ 2,484,183</u>
FUND BALANCES:			
Nonspendable - prepaids	\$ 292,774	\$ -	\$ 292,774
Committed - cafeteria	-	235,895	235,895
Committed - capital projects	618,499	-	618,499
Unassigned	615,727	-	615,727
Total fund balances	<u>\$ 1,527,000</u>	<u>\$ 235,895</u>	<u>\$ 1,762,895</u>
Total liabilities and fund balances	<u>\$ 3,833,213</u>	<u>\$ 413,865</u>	<u>\$ 4,247,078</u>

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

Total fund balances per above		\$ 1,762,895
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Land	\$ 258,916	
Construction in progress	3,277,142	
Buildings and systems	5,412,856	
Machinery and equipment	<u>1,928,986</u>	10,877,900
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.		
OPEB related items	(350,975)	
Pension related items	<u>(2,373,560)</u>	(2,724,535)
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds		
Pension related items	3,700,020	
OPEB related items	<u>455,854</u>	4,155,874
Long-term liabilities, are not due and payable in the current period and, therefore, are not reported in the funds.		
Compensated absences	\$ (244,818)	
Net OPEB liability	(3,017,834)	
Net pension liability	(15,547,203)	
Capital lease	<u>(587,986)</u>	(19,397,841)
Net position of governmental activities		<u>\$ (5,325,707)</u>

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

	School Operating Fund	School Cafeteria Fund	Total Governmental Funds
REVENUES			
Revenue from the use of money and property	\$ 38,619	\$ 13	\$ 38,632
Charges for services	-	110,040	110,040
Miscellaneous	556,607	38,777	595,384
Intergovernmental:			
Local government	8,843,931	-	8,843,931
Commonwealth	12,625,692	22,310	12,648,002
Federal	1,336,992	1,127,357	2,464,349
Total revenues	<u>\$ 23,401,841</u>	<u>\$ 1,298,497</u>	<u>\$ 24,700,338</u>
EXPENDITURES			
Current:			
Education	\$ 22,435,734	\$ 1,236,357	\$ 23,672,091
Capital projects	358,061	-	358,061
Total expenditures	<u>\$ 22,793,795</u>	<u>\$ 1,236,357</u>	<u>\$ 24,030,152</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 608,046</u>	<u>\$ 62,140</u>	<u>\$ 670,186</u>
Net change in fund balances	\$ 608,046	\$ 62,140	\$ 670,186
Fund balances - beginning	918,954	173,755	1,092,709
Fund balances - ending	<u>\$ 1,527,000</u>	<u>\$ 235,895</u>	<u>\$ 1,762,895</u>

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

Net change in fund balances - total governmental funds - per above \$ 670,186

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

Capital asset additions	\$ 730,656	
Depreciation expense	<u>(799,128)</u>	(68,472)

Transfer of joint tenancy assets from Primary Government to the Component Unit 73,750

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 capital lease 180,185

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.

Compensated absences	\$ (44,974)	
OPEB expense	315,093	
Pension expense	(221,943)	
Accrued interest payable	<u>16,208</u>	64,384
Change in net position of governmental activities		<u>\$ 920,033</u>

COUNTY OF WESTMORELAND, VIRGINIA

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

	School Operating Fund				
	Budgeted Amounts				Variance with Final Budget Positive (Negative)
	Original	Final	Actual		
REVENUES					
Revenue from the use of money and property	\$ 33,604	\$ 33,604	\$ 38,619	\$	5,015
Charges for services	-	-	-		-
Miscellaneous	153,848	201,938	556,607		354,669
Intergovernmental:					
Local government	8,843,931	8,843,931	8,843,931		-
Commonwealth	12,847,666	12,877,325	12,625,692		(251,633)
Federal	1,533,036	1,577,771	1,336,992		(240,779)
Total revenues	\$ 23,412,085	\$ 23,534,569	\$ 23,401,841	\$	(132,728)
EXPENDITURES					
Current:					
Education	\$ 22,991,010	\$ 23,294,179	\$ 22,435,734	\$	858,445
Capital projects	370,000	358,061	358,061		-
Total expenditures	\$ 23,361,010	\$ 23,652,240	\$ 22,793,795	\$	858,445
Excess (deficiency) of revenues over (under) expenditures	\$ 51,075	\$ (117,671)	\$ 608,046	\$	725,717
Net change in fund balances	\$ 51,075	\$ (117,671)	\$ 608,046	\$	725,717
Fund balances - beginning	(51,075)	117,671	918,954		801,283
Fund balances - ending	\$ -	\$ -	\$ 1,527,000	\$	1,527,000

Exhibit 38

School Cafeteria Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ 25	\$ 25	\$ 13	\$ (12)
160,000	160,000	110,040	(49,960)
42,752	54,608	38,777	(15,831)
-	-	-	-
25,574	25,574	22,310	(3,264)
732,000	924,481	1,127,357	202,876
\$ 960,351	\$ 1,164,688	\$ 1,298,497	\$ 133,809
\$ 1,030,351	\$ 1,234,688	\$ 1,236,357	\$ (1,669)
-	-	-	-
\$ 1,030,351	\$ 1,234,688	\$ 1,236,357	\$ (1,669)
\$ (70,000)	\$ (70,000)	\$ 62,140	\$ 132,140
\$ (70,000)	\$ (70,000)	\$ 62,140	\$ 132,140
70,000	70,000	173,755	103,755
\$ -	\$ -	\$ 235,895	\$ 235,895

Supporting Schedules

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 15,289,197	\$ 15,289,197	\$ 15,141,054	\$ (148,143)
Real and personal public service corporation taxes	392,500	392,500	447,191	54,691
Personal property taxes	4,007,026	4,007,026	3,884,569	(122,457)
Mobile home taxes	26,745	26,745	25,996	(749)
Machinery and tools taxes	90,000	90,000	89,548	(452)
Farm machinery and tools taxes	100,000	100,000	102,243	2,243
Merchants capital taxes	49,700	49,700	47,813	(1,887)
Penalties	231,261	231,261	251,397	20,136
Interest	85,000	85,000	115,224	30,224
Total general property taxes	\$ 20,271,429	\$ 20,271,429	\$ 20,105,035	\$ (166,394)
Other local taxes:				
Local sales and use taxes	\$ 847,348	\$ 847,348	\$ 1,003,512	\$ 156,164
Consumers' utility taxes	338,000	338,000	340,464	2,464
Utility gross receipts taxes	50,000	50,000	51,344	1,344
Motor vehicle licenses	776,218	776,218	800,075	23,857
Taxes on recordation and wills	160,000	160,000	239,358	79,358
E-911 taxes	2,000	2,000	4,600	2,600
Golf cart decals	100	100	450	350
Total other local taxes	\$ 2,173,666	\$ 2,173,666	\$ 2,439,803	\$ 266,137
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 7,200	\$ 7,200	\$ 5,919	\$ (1,281)
Permits and other licenses	215,400	215,400	514,407	299,007
Total permits, privilege fees, and regulatory licenses	\$ 222,600	\$ 222,600	\$ 520,326	\$ 297,726
Fines and forfeitures:				
Court fines and forfeitures	\$ 136,000	\$ 137,466	\$ 199,475	\$ 62,009
Revenue from use of money and property:				
Revenue from use of money	\$ 50,616	\$ 50,616	\$ 209,411	\$ 158,795
Revenue from use of property	172,111	172,111	175,174	3,063
Total revenue from use of money and property	\$ 222,727	\$ 222,727	\$ 384,585	\$ 161,858
Charges for services:				
Sheriff's fees	\$ 1,500	\$ 1,500	\$ 1,246	\$ (254)
Charges for law enforcement and traffic control	7,644	18,851	19,443	592
Charges for courthouse maintenance	18,000	18,000	17,884	(116)
Charges for court appointed attorney	5,000	5,000	7,386	2,386
Concealed weapons permits	7,000	7,000	13,167	6,167
Charges for Commonwealth's Attorney	2,000	2,000	1,577	(423)

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Charges for services: (Continued)				
Miscellaneous jail and inmate fees	\$ 3,700	\$ 3,700	\$ 4,656	\$ 956
Charges for animal control	1,025	1,466	4,543	3,077
Charges for sanitation and waste removal	2,050	2,050	8,190	6,140
Charges for planning and community development	3,800	3,800	6,966	3,166
Total charges for services	<u>\$ 51,719</u>	<u>\$ 63,367</u>	<u>\$ 85,058</u>	<u>\$ 21,691</u>
Miscellaneous:				
Expenditure refunds	\$ 100	\$ 20,494	\$ 26,731	\$ 6,237
Miscellaneous other	86,050	266,300	291,814	25,514
Total miscellaneous	<u>\$ 86,150</u>	<u>\$ 286,794</u>	<u>\$ 318,545</u>	<u>\$ 31,751</u>
Recovered costs:				
Other recovered costs	\$ 508,523	\$ 508,523	\$ 622,482	\$ 113,959
Rescue recovery	760,150	797,891	730,113	(67,778)
Total recovered costs	<u>\$ 1,268,673</u>	<u>\$ 1,306,414</u>	<u>\$ 1,352,595</u>	<u>\$ 46,181</u>
Total revenue from local sources	<u>\$ 24,432,964</u>	<u>\$ 24,684,463</u>	<u>\$ 25,405,422</u>	<u>\$ 720,959</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 50	\$ 50	\$ 32	\$ (18)
Mobile home titling tax	19,000	19,000	31,757	12,757
Motor vehicle rental tax	1,600	1,600	4,622	3,022
State recordation tax	62,136	62,136	46,494	(15,642)
Tax on deeds	55,000	55,000	68,201	13,201
Communication sales and use taxes	580,000	580,000	527,498	(52,502)
Personal property tax relief funds	1,139,678	1,139,678	1,139,679	1
Total noncategorical aid	<u>\$ 1,857,464</u>	<u>\$ 1,857,464</u>	<u>\$ 1,818,283</u>	<u>\$ (39,181)</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 274,521	\$ 274,521	\$ 286,739	\$ 12,218
Sheriff	1,075,162	1,075,162	1,064,512	(10,650)
Commissioner of revenue	108,340	108,340	105,842	(2,498)
Treasurer	100,381	100,381	106,256	5,875
Registrar/electoral board	37,000	46,754	50,534	3,780
Clerk of the Circuit Court	216,186	216,186	240,081	23,895
Total shared expenses	<u>\$ 1,811,590</u>	<u>\$ 1,821,344</u>	<u>\$ 1,853,964</u>	<u>\$ 32,620</u>

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Other categorical aid:				
Welfare administration and public assistance	\$ 675,243	\$ 482,941	\$ 482,941	\$ -
Four for life	20,800	20,800	-	(20,800)
Fire programs	46,824	49,271	49,271	-
Children's Services Act	1,255,000	1,523,538	1,241,596	(281,942)
Criminal justice grants	99,610	121,060	22,612	(98,448)
Emergency services	-	8,253	8,253	-
VJCCCA grants	142,000	162,409	162,406	(3)
Go Virginia grants	-	-	57,938	57,938
Wireless grant	48,888	48,888	73,304	24,416
VDOT revenue sharing	-	-	330,000	330,000
Other categorical aid	8,248	203,403	188,317	(15,086)
Total other categorical aid	\$ 2,296,613	\$ 2,620,563	\$ 2,616,638	\$ (3,925)
Total categorical aid	\$ 4,108,203	\$ 4,441,907	\$ 4,470,602	\$ 28,695
Total revenue from the Commonwealth	\$ 5,965,667	\$ 6,299,371	\$ 6,288,885	\$ (10,486)
Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	\$ 1,400	\$ 1,400	\$ 1,555	\$ 155
Coronavirus relief fund (CRF)	-	1,607,710	523,588	(1,084,122)
Total noncategorical aid	\$ 1,400	\$ 1,609,110	\$ 525,143	\$ (1,083,967)
Categorical aid:				
Welfare administration and public assistance	\$ 1,083,090	\$ 1,105,644	\$ 1,212,042	\$ 106,398
Bullet proof vests	-	-	7,319	7,319
EMP Grant	-	-	7,500	7,500
Byrne justice grant	-	-	67,836	67,836
U.S. fish and wildlife	1,500	1,500	1,550	50
DMV grants	-	49,740	43,060	(6,680)
Recreation grant	-	-	252,908	252,908
Interest subsidy	-	-	49,343	49,343
Total categorical aid	\$ 1,084,590	\$ 1,156,884	\$ 1,641,558	\$ 484,674
Total revenue from the federal government	\$ 1,085,990	\$ 2,765,994	\$ 2,166,701	\$ (599,293)
Total General Fund	\$ 31,484,621	\$ 33,749,828	\$ 33,861,008	\$ 111,180

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Capital Projects Fund:				
General Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 5,600	\$ 5,600	\$ 346,505	\$ 340,905
Total General Capital Projects Fund	\$ 5,600	\$ 5,600	\$ 346,505	\$ 340,905
Special Revenue Fund:				
Placid Bay Sanitary District Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 50,557	\$ 50,557	\$ 47,921	\$ (2,636)
Penalties	2,300	2,300	3,896	1,596
Interest	1,300	1,300	3,131	1,831
Total general property taxes	\$ 54,157	\$ 54,157	\$ 54,948	\$ 791
Revenue from use of money and property:				-
Revenue from the use of money	\$ 300	\$ 300	\$ 867	\$ 567
Charges for services:				-
Road maintenance user fees	\$ 164,100	\$ 164,100	\$ 183,015	\$ 18,915
Total Placid Bay Sanitary District Fund	\$ 218,557	\$ 218,557	\$ 238,830	\$ 20,273
Special Revenue Fund:				
Glebe Harbor-Cabin Point Sanitary District Fund:				
Revenue from local sources:				
Charges for services:				
Recreational fees	\$ 262,800	\$ 262,964	\$ 272,318	\$ 9,354
Total Glebe Harbor-Cabin Point Sanitary District Fund	\$ 262,800	\$ 262,964	\$ 272,318	\$ 9,354
Total Primary Government	\$ 31,971,578	\$ 34,236,949	\$ 34,718,661	\$ 481,712
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 1,882	\$ 1,882	\$ 1,243	\$ (639)
Revenue from the use of property	31,722	31,722	37,376	5,654
Total revenue from use of money and property	\$ 33,604	\$ 33,604	\$ 38,619	\$ 5,015
Miscellaneous:				
Expenditure refunds	\$ 153,848	\$ 201,938	\$ 235,705	\$ 33,767
Other miscellaneous	-	-	320,902	320,902
Total miscellaneous	\$ 153,848	\$ 201,938	\$ 556,607	\$ 354,669
Total revenue from local sources	\$ 187,452	\$ 235,542	\$ 595,226	\$ 359,684

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Westmoreland, Virginia	\$ 8,843,931	\$ 8,843,931	\$ 8,843,931	\$ -
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 2,034,218	\$ 2,034,218	\$ 2,087,189	\$ 52,971
Basic school aid	6,602,960	6,602,960	6,307,141	(295,819)
Remedial education	280,747	280,747	270,410	(10,337)
Gifted and talented	39,602	39,602	38,237	(1,365)
Special education	680,514	680,514	657,058	(23,456)
Vocational SOQ payments	74,355	74,355	71,793	(2,562)
Social security fringe benefits	261,860	261,860	252,835	(9,025)
Retirement fringe benefits	577,871	577,871	557,953	(19,918)
State lottery payments	-	-	285,617	285,617
Early reading intervention	28,115	28,115	40,416	12,301
Salary supplement	-	-	331,372	331,372
At risk payments	608,667	608,667	588,020	(20,647)
Technology	154,000	154,000	154,000	-
Standards of Learning algebra readiness	26,637	26,637	27,087	450
K-3 initiatives	351,787	351,787	332,428	(19,359)
Preschool initiative	202,860	202,860	202,860	-
Other state funds	923,473	953,132	421,276	(531,856)
Total categorical aid	\$ 12,847,666	\$ 12,877,325	\$ 12,625,692	\$ (251,633)
Total revenue from the Commonwealth	\$ 12,847,666	\$ 12,877,325	\$ 12,625,692	\$ (251,633)
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 678,597	\$ 678,597	\$ 575,690	\$ (102,907)
Title VI-B, flow-through	367,647	367,647	373,616	5,969
Title VI-B, preschool	19,270	19,270	19,515	245
Interest subsidy	97,951	97,951	0	(97,951)
Title II Part A	92,809	92,809	81,988	(10,821)
Other federal funds	276,762	321,497	286,183	(35,314)
Total categorical aid	\$ 1,533,036	\$ 1,577,771	\$ 1,336,992	\$ (240,779)
Total revenue from the federal government	\$ 1,533,036	\$ 1,577,771	\$ 1,336,992	\$ (240,779)
Total School Operating Fund	\$ 23,412,085	\$ 23,534,569	\$ 23,401,841	\$ (132,728)

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (Continued)				
Special Revenue Fund:				
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 25	\$ 25	\$ 13	\$ (12)
Charges for services:				
Cafeteria sales	\$ 160,000	\$ 160,000	\$ 110,040	\$ (49,960)
Miscellaneous:				
Other miscellaneous	\$ 42,752	\$ 54,608	\$ 38,777	\$ (15,831)
Total revenue from local sources	\$ 202,777	\$ 214,633	\$ 148,830	\$ (65,803)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 25,574	\$ 25,574	\$ 22,310	\$ (3,264)
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 732,000	\$ 924,481	\$ 1,127,357	\$ 202,876
Total revenue from the federal government	\$ 732,000	\$ 924,481	\$ 1,127,357	\$ 202,876
Total School Cafeteria Fund	\$ 960,351	\$ 1,164,688	\$ 1,298,497	\$ 133,809
Total Discretely Presented Component Unit - School Board	\$ 24,372,436	\$ 24,699,257	\$ 24,700,338	\$ 1,081

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

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 114,789	\$ 114,789	\$ 101,336	\$ 13,453
General and financial administration:				
County administrator	\$ 486,357	\$ 486,357	\$ 467,936	\$ 18,421
County attorney	118,435	209,154	199,653	9,501
Independent auditor	54,106	54,106	53,710	396
Commissioner of revenue	398,420	398,420	373,864	24,556
Assessor	94,373	333,106	30,082	303,024
Treasurer	376,614	381,760	371,839	9,921
Accounting	412,285	418,849	397,100	21,749
Data processing	573,658	579,544	498,822	80,722
Risk management	364,726	377,878	376,774	1,104
Dues for local government	5,345	5,345	5,211	134
Total general and financial administration	\$ 2,884,319	\$ 3,244,519	\$ 2,774,991	\$ 469,528
Board of elections:				
Electoral board and officials	\$ 57,828	\$ 66,668	\$ 56,212	\$ 10,456
Registrar	120,478	121,478	118,558	2,920
Total board of elections	\$ 178,306	\$ 188,146	\$ 174,770	\$ 13,376
Total general government administration	\$ 3,177,414	\$ 3,547,454	\$ 3,051,097	\$ 496,357
Judicial administration:				
Courts:				
Circuit court	\$ 24,417	\$ 29,743	\$ 29,345	\$ 398
General district court	1,876	1,876	829	1,047
Juvenile and domestic relations district court	1,826	1,826	1,366	460
Clerk of the circuit court	457,745	500,690	454,609	46,081
Victim-witness	99,610	99,610	90,447	9,163
Other	11,200	11,200	9,795	1,405
Total courts	\$ 596,674	\$ 644,945	\$ 586,391	\$ 58,554
Commonwealth's attorney:				
Commonwealth's attorney	\$ 520,870	\$ 524,912	\$ 516,145	\$ 8,767
Total commonwealth's attorney	\$ 520,870	\$ 524,912	\$ 516,145	\$ 8,767
Total judicial administration	\$ 1,117,544	\$ 1,169,857	\$ 1,102,536	\$ 67,321
Public safety:				
Law enforcement and traffic control:				
Sheriff - law enforcement	\$ 2,475,464	\$ 2,579,290	\$ 2,578,381	\$ 909
Other law enforcement and traffic control	129,171	307,958	194,040	113,918
Sheriff - 911 system	710,543	756,522	742,043	14,479
Total law enforcement and traffic control	\$ 3,315,178	\$ 3,643,770	\$ 3,514,464	\$ 129,306

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

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Public Safety: (Continued)				
Fire and rescue services:				
Volunteer fire department	\$ 627,627	\$ 800,188	\$ 592,589	\$ 207,599
Ambulance and rescue services	2,320,406	2,638,046	2,476,852	161,194
Forestry	7,810	7,810	7,810	-
Total fire and rescue services	<u>\$ 2,955,843</u>	<u>\$ 3,446,044</u>	<u>\$ 3,077,251</u>	<u>\$ 368,793</u>
Correction and detention:				
Juvenile and domestic relations court service unit	\$ 92,214	\$ 98,149	\$ 91,001	\$ 7,148
Juvenile commission crime control	142,000	162,409	141,997	20,412
Total correction and detention	<u>\$ 234,214</u>	<u>\$ 260,558</u>	<u>\$ 232,998</u>	<u>\$ 27,560</u>
Inspections:				
Building	<u>\$ 176,344</u>	<u>\$ 227,304</u>	<u>\$ 215,129</u>	<u>\$ 12,175</u>
Other protection:				
Animal control	\$ 252,402	\$ 287,653	\$ 236,641	\$ 51,012
Medical examiner	300	300	180	120
Emergency management	44,853	71,798	40,418	31,380
Emergency services (civil defense)	209,584	254,841	211,032	43,809
Emergency services grant	-	70,397	70,397	-
Total other protection	<u>\$ 507,139</u>	<u>\$ 684,989</u>	<u>\$ 558,668</u>	<u>\$ 126,321</u>
Total public safety	<u>\$ 7,188,718</u>	<u>\$ 8,262,665</u>	<u>\$ 7,598,510</u>	<u>\$ 664,155</u>
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Highways, streets, bridges and sidewalks	<u>\$ 12,500</u>	<u>\$ 12,500</u>	<u>\$ 12,087</u>	<u>\$ 413</u>
Sanitation and waste removal:				
Refuse collection	\$ 591,115	\$ 635,240	\$ 631,871	\$ 3,369
Refuse disposal	1,345,742	1,394,464	1,275,454	119,010
Total sanitation and waste removal	<u>\$ 1,936,857</u>	<u>\$ 2,029,704</u>	<u>\$ 1,907,325</u>	<u>\$ 122,379</u>
Maintenance of general buildings and grounds:				
General properties	<u>\$ 1,030,063</u>	<u>\$ 1,233,726</u>	<u>\$ 1,008,036</u>	<u>\$ 225,690</u>
Total public works	<u>\$ 2,979,420</u>	<u>\$ 3,275,930</u>	<u>\$ 2,927,448</u>	<u>\$ 348,482</u>
Health and welfare:				
Health:				
Local health department	<u>\$ 215,000</u>	<u>\$ 215,000</u>	<u>\$ 215,000</u>	<u>\$ -</u>
Mental health and mental retardation:				
Contribution to Chapter X Board	<u>\$ 66,711</u>	<u>\$ 66,711</u>	<u>\$ 66,711</u>	<u>\$ -</u>
Welfare:				
Welfare administration	\$ 1,968,811	\$ 1,927,275	\$ 1,847,860	\$ 79,415
Public assistance	403,203	292,392	274,530	17,862
Comprehensive Services Act	1,906,064	2,256,366	2,017,465	238,901
Total welfare	<u>\$ 4,278,078</u>	<u>\$ 4,476,033</u>	<u>\$ 4,139,855</u>	<u>\$ 336,178</u>
Total health and welfare	<u>\$ 4,559,789</u>	<u>\$ 4,757,744</u>	<u>\$ 4,421,566</u>	<u>\$ 336,178</u>

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

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Education:				
Other instructional costs:				
Contribution to local school board	\$ 8,843,931	\$ 8,843,931	\$ 8,843,931	\$ -
Other education - CARES	-	1,354,060	279,634	1,074,426
Contributions to community college	10,924	10,924	10,924	-
Total education	\$ 8,854,855	\$ 10,208,915	\$ 9,134,489	\$ 1,074,426
Parks, recreation, and cultural:				
Parks and recreation:				
Public landings	\$ 500	\$ 509	\$ 509	\$ -
Total parks and recreation	\$ 500	\$ 509	\$ 509	\$ -
Cultural enrichment:				
Westmoreland museum	\$ 35,000	\$ 35,000	\$ 35,000	\$ -
Total cultural enrichment	35,000	35,000	35,000	-
Library:				
Contribution to regional library	\$ 467,758	\$ 477,758	\$ 471,589	\$ 6,169
Total parks, recreation, and cultural	\$ 503,258	\$ 513,267	\$ 507,098	\$ 6,169
Community development:				
Planning and community development:				
Planning	\$ 332,410	\$ 336,210	\$ 317,003	\$ 19,207
Community development	60,000	115,000	83,835	31,165
Northern Neck Planning Commission	19,000	19,000	19,000	-
Planning District Commission	9,000	9,000	4,991	4,009
Zoning board	2,600	2,600	1,074	1,526
Wetlands board	5,750	5,750	4,994	756
Housing assistance	-	2,432	-	2,432
Tourism	31,000	68,687	5,683	63,004
Industrial Development Authority	10,500	10,500	3,500	7,000
Go Virginia programs	-	98,220	69,680	28,540
Total planning and community development	\$ 470,260	\$ 667,399	\$ 509,760	\$ 157,639
Environmental management:				
Contribution to soil and water conservation district	\$ 16,000	\$ 16,000	\$ 16,000	\$ -
Total environmental management	\$ 16,000	\$ 16,000	\$ 16,000	\$ -
Cooperative extension program:				
Cooperative extension program	\$ 48,516	\$ 48,516	\$ 41,991	\$ 6,525
Total cooperative extension program	\$ 48,516	\$ 48,516	\$ 41,991	\$ 6,525
Total community development	\$ 534,776	\$ 731,915	\$ 567,751	\$ 164,164
Nondepartmental:				
Other nondepartmental	\$ 182,778	\$ 182,778	\$ 176,778	\$ 6,000
Total nondepartmental	182,778	182,778	176,778	6,000

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

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Capital projects:				
Other capital projects				
Radio system	\$ -	\$ 1,791,529	\$ 1,216,372	\$ 575,157
VDOT revenue sharing program	-	195,093	130,280	64,813
Currioman boat landing	487,960	463,118	156,427	306,691
Recreational complex	-	875,721	462,359	413,362
Financial software replacement	60,136	60,136	-	60,136
Recreation park - phase 2	-	210,548	23,674	186,874
Rec complex access road VDOT	-	906,198	818,424	87,774
Bus access road	21,000	7,400	7,400	-
Town waterline extension	-	531,980	-	531,980
Other capital projects	-	316,200	-	316,200
Total capital projects	\$ 569,096	\$ 5,357,923	\$ 2,814,936	\$ 2,542,987
Debt service:				
Principal retirement	\$ 914,246	\$ 914,246	\$ 914,246	\$ -
Interest and other fiscal charges	481,419	481,419	481,417	2
Total debt service	\$ 1,395,665	\$ 1,395,665	\$ 1,395,663	\$ 2
Total General Fund	\$ 31,063,313	\$ 39,404,113	\$ 33,697,872	\$ 5,706,241
Capital Projects Fund:				
General Capital Projects Fund:				
Capital projects expenditures:				
New High School	\$ -	\$ 46,315,413	\$ 4,205,992	\$ 42,109,421
Other capital projects	490,254	941,433	121,349	820,084
Total capital projects	\$ 490,254	\$ 47,256,846	\$ 4,327,341	\$ 42,929,505
Debt service:				
Interest and other fiscal charges	\$ -	\$ 1,095,117	\$ 1,095,117	\$ -
Total debt service	\$ -	\$ 1,095,117	\$ 1,095,117	\$ -
Total General Capital Projects Fund	\$ 490,254	\$ 48,351,963	\$ 5,422,458	\$ 42,929,505
Special Revenue Fund:				
Placid Bay Sanitation District Fund:				
Roads projects	\$ 182,069	\$ 533,644	\$ 185,964	\$ 347,680
Debt service:				
Principal retirement	\$ 14,986	\$ 14,986	\$ 14,986	\$ -
Interest and other fiscal charges	34,166	34,166	34,166	-
Total debt service	\$ 49,152	\$ 49,152	\$ 49,152	\$ -
Total Placid Bay Sanitation District Fund	\$ 231,221	\$ 582,796	\$ 235,116	\$ 347,680
Glebe Harbor-Cabin Point Sanitary District Fund:				
Community development:				
Glebe Harbor-Cabin Point sanitary district	\$ 144,935	\$ 98,918	\$ 98,918	\$ -
Capital projects:				
Dredging and beach projects	\$ -	\$ 44,128	\$ 29,400	\$ 14,728
Other	5,000	27,980	5,400	22,580
Total capital projects	\$ 5,000	\$ 72,108	\$ 34,800	\$ 37,308
Debt service:				
Principal retirement	\$ 62,396	\$ 62,396	\$ 62,396	\$ -
Interest and other fiscal charges	10,246	37,609	10,245	27,364
Total debt service	\$ 72,642	\$ 100,005	\$ 72,641	\$ 27,364
Total Glebe Harbor-Cabin Point Sanitary District Fund	\$ 222,577	\$ 271,031	\$ 206,359	\$ 64,672
Total Primary Government	\$ 32,007,365	\$ 88,609,903	\$ 39,561,805	\$ 49,048,098

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

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board				
School Operating Fund:				
Education:				
Instruction costs:				
Classroom instruction	\$ 14,246,277	\$ 14,243,302	\$ 13,646,735	\$ 596,567
Guidance services	684,423	607,458	604,958	2,500
Social worker services	61,452	61,452	61,689	(237)
Homebound instruction	16,148	16,148	9,364	6,784
Improvement of instruction	142,000	274,162	231,240	42,922
Media services	355,027	366,717	353,648	13,069
Office of the principal	1,188,224	1,173,516	1,141,141	32,375
Total instruction costs	\$ 16,693,551	\$ 16,742,755	\$ 16,048,775	\$ 693,980
Administration, attendance, and health:				
Board services	\$ 61,747	\$ 42,124	\$ 40,706	\$ 1,418
Executive administration	732,880	759,192	738,425	20,767
Fiscal services	224,591	230,661	228,301	2,360
Health services	208,406	209,175	206,348	2,827
Psychologist services	110,082	110,082	107,666	2,416
Attendance and health services	62,238	66,810	63,574	3,236
Total administration, attendance, and health	\$ 1,399,944	\$ 1,418,044	\$ 1,385,020	\$ 33,024
Operating costs:				
Pupil transportation	\$ 2,071,103	\$ 2,102,452	\$ 2,098,637	\$ 3,815
Operation and maintenance of school plant	1,760,704	1,895,312	1,878,887	16,425
Operation and maintenance - vehicle services	26,148	10,000	9,912	88
Facilities	350,000	467,914	372,595	95,319
Technology	689,560	657,702	641,908	15,794
Total operating costs	\$ 4,897,515	\$ 5,133,380	\$ 5,001,939	\$ 131,441
Total education	\$ 22,991,010	\$ 23,294,179	\$ 22,435,734	\$ 858,445
Capital projects:				
School capital projects	\$ 370,000	\$ 358,061	\$ 358,061	\$ -
Total School Operating Fund	\$ 23,361,010	\$ 23,652,240	\$ 22,793,795	\$ 858,445
Special Revenue Fund:				
School Cafeteria Fund:				
Education:				
School food services:				
Food services	\$ 1,030,351	\$ 1,234,688	\$ 1,236,357	\$ (1,669)
Total Discretely Presented Component Unit - School Board	\$ 24,391,361	\$ 24,886,928	\$ 24,030,152	\$ 856,776

Statistical Information

COUNTY OF WESTMORELAND, VIRGINIA

Table 1

Government-Wide Expenses by Function
Last Ten Fiscal Years

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Parks, Recreation, and Cultural	Community Development	Interest on Long-Term Debt	Water and Sewer	Total
2011	\$ 2,047,166	\$ 907,476	\$ 4,095,860	\$ 2,392,400	\$ 3,267,173	\$ 7,866,868	\$ 666,480	\$ 557,743	\$ 194,661	\$ 1,641,291	\$ 23,637,118
2012	2,035,878	917,536	4,550,670	2,471,093	3,436,498	7,929,075	652,666	537,924	241,132	2,064,351	24,836,823
2013	2,152,852	867,013	4,492,161	2,749,704	3,679,109	8,043,146	656,184	620,719	223,313	1,955,002	25,439,203
2014	2,091,306	853,373	4,295,459	2,734,476	4,114,348	8,089,593	669,700	751,081	367,852	2,191,811	26,158,999
2015	2,579,220	870,734	4,564,172	1,986,869	3,767,706	7,785,510	670,301	627,158	422,919	2,123,793	25,398,382
2016	2,775,459	1,122,068	4,575,347	2,727,720	3,526,367	7,801,727	685,361	666,753	455,844	2,158,315	26,494,961
2017	2,372,887	1,198,255	5,936,637	2,933,598	3,920,143	8,573,701	713,998	795,107	439,842	1,956,058	28,840,226
2018	2,837,806	1,193,501	5,501,750	2,849,927	3,795,038	8,603,139	721,856	686,047	480,837	2,212,642	28,882,543
2019	2,985,304	1,236,444	5,831,993	3,351,899	4,594,264	8,904,747	719,343	783,581	526,687	2,441,678	31,375,940
2020	3,319,050	1,388,093	6,067,544	3,130,794	4,461,638	9,429,674	737,893	656,402	1,538,633	2,658,138	33,387,859

Government-Wide Revenues

Last Ten Fiscal Years

Fiscal Year	PROGRAM REVENUES			GENERAL REVENUES						Gain (loss) on Disposal of Capital Assets	Total
	Charges for Services	Operating Grants and Contri- butions	Capital Grants and Contri- butions	General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs			
2011	\$ 1,318,725	\$ 4,181,265	\$ 1,131,915	\$ 14,032,052	\$ 1,691,688	\$ 389,539	\$ 62,060	\$ 1,927,017	\$ -	\$ 24,734,261	
2012	1,686,782	4,263,818	1,033,337	14,110,456	1,750,911	311,256	165,387	1,914,849	209,852	25,446,648	
2013	2,510,447	4,384,988	767,324	14,656,404	1,754,768	261,606	146,605	1,912,759	-	26,394,901	
2014	1,985,759	4,714,513	134,387	15,063,143	1,763,138	303,552	112,612	1,917,397	-	25,994,501	
2015	2,555,417	4,673,753	897,712	16,117,911	1,803,473	325,181	117,511	1,894,172	-	28,385,130	
2016	2,230,519	4,483,909	-	16,551,690	1,834,980	316,823	160,320	1,954,848	-	27,533,089	
2017	2,969,039	5,101,508	315,911	18,189,040	2,142,928	268,154	120,648	1,891,268	-	30,998,496	
2018	2,997,050	5,025,480	222,789	19,228,193	2,207,897	364,212	118,985	1,868,995	3,610	32,037,211	
2019	3,189,213	5,551,423	265,883	19,467,644	2,268,067	560,543	148,574	1,850,396	-	33,301,743	
2020	3,325,497	5,521,933	590,227	20,496,866	2,439,803	764,836	310,672	2,343,426	-	35,793,260	

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

Fiscal Year	General Property Taxes	Other Local Taxes	Permit Privilege Fees & Regulatory Licenses	Fines & Forfeitures	Use of Money & Property	Charges for Services	Miscellaneous	Recovered Costs	Intergovernmental (2)	Total
2011	\$ 14,005,502	\$ 1,691,688	\$ 232,944	\$ 97,568	\$ 410,906	\$ 336,127	\$ 296,101	\$ 656,046	\$ 15,922,121	33,649,003
2012	14,042,729	1,750,911	312,833	73,609	328,102	398,429	365,805	877,416	16,037,720	34,187,554
2013	14,743,259	1,754,768	202,424	115,070	290,994	394,327	448,060	882,009	17,194,575	36,025,486
2014	15,187,452	1,763,138	207,342	160,108	309,297	371,017	276,203	983,803	16,969,527	36,227,887
2015	16,244,065	1,803,473	203,244	166,637	309,425	368,049	382,562	1,038,376	18,461,019	38,976,850
2016	16,416,266	1,834,980	220,715	141,797	309,203	373,322	466,087	920,276	18,495,838	39,178,484
2017	18,025,610	2,142,928	257,469	175,653	306,001	729,809	354,721	994,473	21,928,438	44,915,102
2018	18,996,339	2,207,897	398,162	178,583	375,466	719,653	359,742	1,170,574	21,787,957	46,194,373
2019	19,754,183	2,268,067	275,080	222,405	515,129	743,201	364,593	1,466,432	22,041,206	47,650,296
2020	20,159,983	2,439,803	520,326	199,475	731,957	540,391	318,545	1,352,595	23,282,077	49,545,152

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

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

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

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education (2)	Recreation and Cultural	Community Development	Non-Departmental	Debt Service	Total
2011	\$ 1,987,329	\$ 895,219	\$ 4,602,138	\$ 2,459,360	\$ 3,124,656	\$ 17,209,298	\$ 506,999	\$ 532,286	\$ 159,931	\$ 1,038,791	\$ 32,516,007
2012	1,944,503	913,738	5,336,694	2,473,391	3,279,533	17,781,422	442,584	509,465	199,991	1,121,635	34,002,956
2013	2,079,138	872,047	5,140,387	2,565,625	3,555,288	19,164,087	444,199	634,520	195,045	1,114,232	35,764,568
2014	2,140,152	872,665	5,065,920	2,545,023	3,983,488	17,969,979	432,431	607,410	176,650	1,232,258	35,025,976
2015	2,504,023	847,974	5,292,467	2,815,618	3,686,314	18,975,603	447,269	580,603	176,701	1,336,521	36,663,093
2016	2,759,675	859,048	5,195,903	2,665,091	3,492,592	19,086,043	457,279	654,640	175,655	1,509,079	36,855,005
2017	2,679,950	954,407	6,315,427	2,868,395	4,079,536	22,076,010	464,842	794,888	178,157	1,562,925	41,974,537
2018	2,799,588	982,881	6,804,541	2,757,952	3,861,324	24,017,356	502,293	708,105	178,157	1,548,981	44,161,178
2019	2,899,096	1,044,214	7,297,160	3,198,150	4,596,180	22,809,599	487,135	921,772	178,157	2,028,506	45,459,969
2020	3,051,098	1,102,536	7,598,510	2,927,448	4,421,566	23,880,177	507,098	666,669	176,778	2,612,573	46,944,453

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

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

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy	(2) Current Tax Collections	Percent of Levy Collected	(1) Delinquent Tax Collections	(2) Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1)	Percent of Delinquent Taxes to Tax Levy
2011	\$ 15,142,218	\$ 14,567,198	96.20%	\$ 280,387	\$ 14,847,585	98.05%	\$ 764,678	5.05%
2012	15,140,764	14,615,541	96.53%	282,740	14,898,281	98.40%	887,640	5.86%
2013	15,872,439	15,168,284	95.56%	366,525	15,534,809	97.87%	809,454	5.10%
2014	15,965,252	15,428,411	96.64%	413,899	15,842,310	99.23%	739,529	4.63%
2015	17,239,611	16,601,711	96.30%	392,522	16,994,233	98.58%	765,447	4.44%
2016	17,407,375	16,818,365	96.62%	354,757	17,173,122	98.65%	728,990	4.19%
2017	19,153,748	18,417,796	96.16%	340,581	18,758,377	97.94%	917,892	4.79%
2018	20,362,579	19,460,975	95.57%	332,565	19,793,540	97.21%	1,144,971	5.62%
2019	21,227,499	19,850,535	93.51%	561,974	20,412,509	96.16%	1,020,801	4.81%
2020	21,876,414	20,555,472	93.96%	372,981	20,928,453	95.67%	1,069,834	4.89%

(1) Exclusive of penalties and interest.

(2) Includes Personal Property Relief Act reimbursements to the County of:

\$1,139,679 in fiscal years 2010 through 2019.

COUNTY OF WESTMORELAND, VIRGINIA

Table 6

Assessed Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Estate	(1) Personal Property	Machinery & Tools	Farm Machinery	Merchants Capital	Public Utility	Total
2011	\$ 2,458,924,760	\$ 150,426,540	\$ 7,934,310	\$ 6,425,400	\$ 12,715,950	\$ 54,042,006	\$ 2,690,468,966
2012	2,475,939,120	152,412,850	7,060,500	6,496,150	9,962,610	54,780,490	2,706,651,720
2013	2,494,278,280	155,807,020	6,901,620	7,259,190	9,391,850	55,376,280	2,729,014,240
2014	2,512,574,400	156,868,010	5,188,100	7,828,440	10,857,430	57,448,500	2,750,764,880
2015	2,530,561,850	158,944,510	4,900,250	8,087,890	10,559,880	58,762,670	2,771,817,050
2016	2,548,831,080	161,740,470	4,745,020	8,090,260	11,504,310	59,991,280	2,794,902,420
2017	2,456,076,950	167,682,450	5,053,880	8,517,510	10,540,750	62,498,530	2,710,370,070
2018	2,471,944,680	172,731,330	6,529,580	8,096,780	12,152,360	63,953,780	2,735,408,510
2019	2,626,255,400	171,289,290	6,049,830	7,875,090	9,823,820	65,943,400	2,887,236,830
2020	2,511,939,160	182,413,190	5,879,860	8,179,440	12,182,200	71,939,940	2,792,533,790

(1) Includes mobile homes.

Property Tax Rates (1)
Last Ten Fiscal Years

Fiscal Years	Real Estate (2)	Personal Property (2)	Machinery and Tools	Farm Machinery	Merchants' Capital
2011	\$ 0.46	\$ 3.00	\$ 1.50	\$ 1.25	\$ 0.46
2012	0.46	3.00	1.50	1.25	0.46
2013	0.48	3.00	1.50	1.25	0.46
2014	0.48	3.00	1.50	1.25	0.46
2015	0.52	3.00	1.50	1.25	0.46
2016	0.52	3.00	1.50	1.25	0.46
2017	0.60	3.00	1.50	1.25	0.46
2018	0.61	3.25	1.50	1.25	0.46
2019	0.63	3.25	1.50	1.25	0.46
2020	0.65	3.25	1.50	1.25	0.46

(1) Per \$100 of assessed value.

(2) Also applies to public utility property.

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

Fiscal Year	Population (1)	Assessed Value (2)	Gross Bonded Debt (3)	Less		Net Bonded Debt	Ratio of Net General Obligation Debt to Assessed Value	Net Bonded Debt per Capita
				Debt Service Monies Available	Debt Payable from Enterprise Revenues (4)			
2011	17,454	\$ 2,690,468,966	\$ 16,009,864	\$ 237,082	\$ 10,379,375	\$ 5,393,407	0.20%	\$ 309
2012	17,460	2,706,651,720	15,329,116	203,990	10,270,219	4,854,907	0.18%	278
2013	17,703	2,729,014,240	15,508,350	278,548	10,122,006	5,107,796	0.19%	289
2014	17,885	2,750,764,880	21,352,078	172,109	9,968,133	11,211,836	0.41%	627
2015	17,725	2,771,817,050	21,647,747	113,999	9,808,373	11,725,375	0.42%	662
2016	17,477	2,794,902,420	20,954,085	117,754	9,769,336	11,066,995	0.40%	633
2017	17,629	2,710,370,070	23,350,085	121,338	12,903,434	10,325,313	0.38%	586
2018	17,760	2,735,408,510	23,723,799	111,227	13,567,637	10,044,935	0.37%	566
2019	17,911	2,887,236,830	22,724,422	-	13,300,456	9,423,966	0.33%	526
2020	17,895	2,792,533,790	69,046,815	44,182,682	13,024,684	11,839,449	0.42%	662

(1) Weldon Cooper Center for Public Service

(2) From Table 6.

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

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

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

Fiscal Year	Principal	Interest	Total Debt Service	Total General Governmental Expenditures (2)	Ratio of Debt Service to General Governmental Expenditures
2011	\$ 681,689	\$ 357,102	\$ 1,038,791	\$ 32,516,007	3.19%
2012	795,154	326,481	1,121,635	34,002,956	3.30%
2013	814,666	299,566	1,114,232	35,764,568	3.12%
2014	866,844	365,414	1,232,258	35,025,976	3.52%
2015	808,197	528,324	1,336,521	36,663,093	3.65%
2016	981,272	527,807	1,509,079	36,855,005	4.09%
2017	1,074,887	488,038	1,562,925	41,974,537	3.72%
2018	1,094,505	454,476	1,548,981	44,161,178	3.51%
2019	1,463,604	564,902	2,028,506	45,459,969	4.46%
2020	1,273,719	1,448,083	2,721,802	46,944,453	5.80%

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

(2) From Table 4.

Compliance

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of County of Westmoreland, Virginia as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise County of Westmoreland, Virginia, Virginia's basic financial statements and have issued our report thereon dated December 14, 2020.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 Westmoreland, Virginia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Robinson, Farmer, Cox Associates

Fredericksburg, Virginia
December 14, 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 Westmoreland, Virginia**

Report on Compliance for Each Major Federal Program

We have audited the County of Westmoreland, Virginia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County of Westmoreland, Virginia's major federal programs for the year ended June 30, 2018. County of Westmoreland, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

Management of the County of Westmoreland, 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 Westmoreland, Virginia's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County of Westmoreland, 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

Fredericksburg, Virginia
December 14, 2020

COUNTY OF WESTMORELAND, VIRGINIA

Schedule of Expenditures of Federal Awards
For the 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	Payments to Subrecipients
Department of Health and Human Services:				
Pass Through Payments:				
Department of Social Services:				
CCDF Cluster:				
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760119/0760120	\$ 32,082	\$ -
Total CCDF Cluster			\$ 32,082	\$ -
TANF Cluster:				
Temporary Assistance for Needy Families (TANF)	93.558	0400119/0400120	\$ 171,963	\$ -
Total TANF Cluster			\$ 171,963	\$ -
Medicaid Cluster:				
Medical Assistance Program	93.778	1200119/1200120	\$ 301,447	\$ -
Total Medicaid Cluster			\$ 301,447	\$ -
Mary Lee Allen Promoting Safe and Stable Families Program	93.556	0950118/0950119	14,208	-
Refugee and Entrant Assistance State/Replacement Designee				
Administered Programs	93.566	0500120	289	-
Low-Income Home Energy Assistance	93.568	0600419/0600420	32,786	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900118/0900119	354	-
Foster Care Title IV-E	93.658	1110119/1100120	143,575	-
Adoption Assistance	93.659	1120119/1120120	35,819	-
Social Services Block Grant	93.667	1000120/1000119	176,984	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150119/9150118	1,897	-
Children's Health Insurance Program	93.767	0540119/0540120	4,830	-
COVID-19 - Provider Relief Fund	93.498	N/A	35,971	-
Total Department of Health and Human Services			\$ 952,205	\$ -
Department of Agriculture:				
Pass Through Payments:				
Department of Agriculture:				
Child Nutrition Cluster:				
Food Distribution - National School Lunch Program	10.555	202020N85034 1	\$ 60,549	\$ -
National School Lunch Program	10.555	201919N10994 1/ 202020N10994 1	298,397	-
COVID-19 - National School lunch program	10.555	202020N85034 1	26,321	-
Total 10.555			\$ 385,267	\$ -
School Breakfast Program	10.553	201919N10994 1/ 202020N10994 1	\$ 164,770	\$ -
COVID-19 - School breakfast program	10.553	202020N85034 1	14,794	-
Total 10.553			\$ 179,564	\$ -
Summer Food Service Program for Children	10.559	201919N10994 1/ 202020N10994 1	\$ 26,530	-
Food Distribution - Summer Food Service Program for Children	10.559	202020N85034 1	2,423	-
COVID 19 - Summer Food Service Program for Children	10.559	202020N85034 1	477,426	-
Total 10.559			\$ 506,379	\$ -
Total Child Nutrition Cluster			\$ 1,071,210	\$ -
Child and Adult Care Food Program	10.558	202019N109941/	\$ 56,147	\$ -
Department of Social Services:				
SNAP Cluster:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	040120/010119/010120	\$ 291,462	\$ -
Total SNAP Cluster			\$ 291,462	\$ -
Total Department of Agriculture			\$ 1,418,819	\$ -
Department of the Treasury:				
Pass through payments:				
Virginia Department of Accounts				
COVID-19 Coronavirus Relief Fund (CRF)	21.019	Not available	\$ 487,617	\$ 67,039
Total Department of the Treasury			\$ 487,617	\$ 67,039

COUNTY OF WESTMORELAND, VIRGINIA

Schedule of Expenditures of Federal Awards (Continued)
For the 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	Payments to Subrecipients
Department of Homeland Security:				
Direct Payments:				
Emergency Food and Shelter National Board Program	97.024	N/A	\$ 4,346	\$ -
Pass Through Payments:				
Department of Emergency Management:				
Emergency Management Performance Grants	97.042	114636	7,500	-
Total Department of Homeland Security			\$ 11,846	\$ -
Department of the Interior:				
Direct payments:				
Bureau of Land Management:				
National Wildlife Refuge Fund	15.659	N/A	\$ 1,550	\$ -
Pass Through Payments:				
Virginia Department of Conservation and Recreation:				
Outdoor Recreation Acquisition, Development and Planning	15.916	P17AP00571	252,908	-
Total Department of the Interior			\$ 254,458	\$ -
Department of Justice:				
Pass Through Payments:				
Virginia Department of Criminal Justice:				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	CJS7101601/CJS5101708 CJS5101701	\$ 7,319	-
Crime Victim Assistance	16.575	CJS5601701/CJS7601601	67,836	-
Total Department of Justice			\$ 75,155	\$ -
Department of Transportation:				
Pass Through Payments:				
Department of Motor Vehicles:				
Highway Safety Cluster:				
State and Community Highway Safety	20.600	FOP-19-59240/FSC-19-59244 FOP-20-50311/FSC-20-50313	\$ 17,468	\$ -
Total Highway Safety Cluster			\$ 17,468	\$ -
Alcohol Open Container Requirements	20.607	154AL-19-59248/ 154AL-20-50321	25,592	-
Total Department of Transportation			\$ 43,060	\$ -
Department of Education:				
Pass Through Payments:				
Virginia Tech:				
English Language Acquisition State Grants	84.365	Not Available	\$ 6,517	\$ -
Virginia Council of Higher Education:				
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	Not Available	44,281	-
Department of Education:				
Title I Grants to Local Educational Agencies	84.010	S010A190046/ S010A180046	575,690	-
Special Education Cluster (IDEA):				
Special Education Grants to States	84.027	H027A190107	373,616	-
Special Education Preschool Grants	84.173	H173A190112	19,515	-
Total Special Education Cluster			\$ 393,131	\$ -
Migrant Education State Grant Program	84.011	S011A190047/ S011A180047	\$ 122,290	\$ -
Career and Technical Education - Basic Grants to States	84.048	V048A180046	22,105	-
Student Support and Academic Enrichment Program	84.424	S424A190048 S424A180048	60,309	-
Rural Education	84.358	S358B180046/ S358B190046	30,681	-
Supporting Effective Instruction State Grants	84.367	S367A180044/ S367A190044	81,988	-
Total Department of Education			\$ 1,336,992	\$ -
Total Expenditures of Federal Awards			\$ 4,580,152	\$ 67,039

See accompanying notes to the schedule of expenditures of federal awards.

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards For the Year Ended June 30, 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 Westmoreland, 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 requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County of Westmoreland, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County of Westmoreland, Virginia.

Note 2 - Summary of Significant Accounting Policies

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(2) Pass-through entity identifying numbers are presented where available.

(3) The County did not elect to use the 10% de minimis indirect cost rate.

Note 3 - Food Distribution

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

Note 4 - Relationship to Financial Statements

Federal expenditures, revenues and capital contributions are reported in the County's basic financial statements as follows:

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund	\$ 2,166,701
Less: Payments in Lieu of Taxes	(1,555)
Less: Interest Subsidy	(49,343)
Total primary government	<u>\$ 2,115,803</u>

Component Unit School Board:

School Operating Fund	\$ 1,336,992
School Cafeteria Fund	1,127,357
Total Component Unit School Board	<u>\$ 2,464,349</u>

Total expenditures of federal awards per basic financial statements	<u>\$ 4,580,152</u>
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Total expenditures of federal awards per the Schedule of Expenditures of Federal Awards	<u><u>\$ 4,580,152</u></u>
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COUNTY OF WESTMORELAND, VIRGINIA

Schedule of Findings and Questioned Costs
For the 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) reported? No

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiency(ies) reported? No

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

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

Identification of major programs:

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
10.553/10.555/10.559	Child Nutrition Cluster
84.010	Title I Grants to Local Educational Agencies
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
21.019	COVID-19 Coronavirus Relief Fund (CRF)

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

Auditee qualified as low-risk auditee? No

COUNTY OF WESTMORELAND, VIRGINIA

Schedule of Findings and Questioned Costs
For The Year Ended June 30, 2020 (Continued)

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 AUDIT FINDINGS:

2019-001 Material Weakness- Local Matching Funds for Lottery and Incentive Programs

Status: This finding is not repeated in 2020.