

COUNTY OF WESTMORELAND, VIRGINIA
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2019

COUNTY OF WESTMORELAND, VIRGINIA

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Commissioner of the Revenue
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Julia Sichel
Sue N. Jones
C.O. Balderson
Dr. Michael Perry
Helen Wilkins Ball
Carol B. Gawn
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, 2019, 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, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 1 to the financial statements, in 2019, the County adopted new accounting guidance, GASB Statement No. 88 *Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements* and early implemented GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 4-9, 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 31, 2019 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 31, 2019

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, 2019.

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 \$20,493,368 (net position). For business-type activities, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$20,907,438.

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 \$15,842,876 a decrease of \$1,872,029 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$6,442,870 or 19% of total general fund expenditures.
- Combined long-term obligations for the governmental funds increased \$1,036,728 during the current fiscal year.

The Proprietary Funds, on an accrual basis, reported a decrease in net position of \$271,716 (Exhibit 8).

- As of the close of the current fiscal year, the County's proprietary funds reported ending net position of \$20,907,438, a decrease \$271,716.
- Combined long-term obligations in the proprietary funds increased \$272,373 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 \$20,493,368 at the close of the most recent fiscal year.

Summary Statement of Net Position

	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
	Current and other assets	\$ 17,560,072	\$ 20,240,203	\$ 2,339,930	\$ 2,417,497	\$ 19,900,002
Capital assets	21,724,253	19,396,459	32,199,935	32,687,653	53,924,188	52,084,112
Total assets	\$ 39,284,325	\$ 39,636,662	\$ 34,539,865	\$ 35,105,150	\$ 73,824,190	\$ 74,741,812
Deferred outflows of resources	\$ 1,061,120	\$ 692,696	\$ 35,549	\$ 25,533	\$ 1,096,669	\$ 718,229
Long-term liabilities	\$ 18,030,081	\$ 19,066,809	\$ 13,462,794	\$ 13,735,167	\$ 31,492,875	\$ 32,801,976
Current liabilities	1,158,805	1,575,306	184,742	176,903	1,343,547	1,752,209
Total liabilities	\$ 19,188,886	\$ 20,642,115	\$ 13,647,536	\$ 13,912,070	\$ 32,836,422	\$ 34,554,185
Deferred outflows of resources	\$ 663,191	\$ 1,391,394	\$ 20,440	\$ 39,459	\$ 683,631	\$ 1,430,853
Net position:						
Net investment in capital assets	\$ 8,701,208	\$ 8,143,565	\$ 18,832,608	\$ 19,046,826	\$ 27,533,816	\$ 27,190,391
Restricted	49,152	49,152	631,208	526,411	680,360	575,563
Unrestricted	11,743,008	10,103,132	1,443,622	1,605,917	13,186,630	11,709,049
Total net position	\$ 20,493,368	\$ 18,295,849	\$ 20,907,438	\$ 21,179,154	\$ 41,400,806	\$ 39,475,003

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 \$8,701,208 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 \$2,197,519 during the current fiscal year.

Governmental Activities - Governmental activities and business-type activities increased the County’s net position by \$2,197,519 and (\$271,716) respectively. Key elements of this increase are as follows:

Summary Statement of Change in Net Position						
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 1,068,744	\$ 1,127,386	\$ 2,120,469	\$ 1,869,664	\$ 3,189,213	\$ 2,997,050
Operating grants and contributions	5,551,423	5,025,480	-	-	5,551,423	5,025,480
Capital grants and contributions	265,883	222,789	-	-	265,883	222,789
General revenues:						
General property taxes	19,467,644	19,228,193	-	-	19,467,644	19,228,193
Other local taxes	2,268,067	2,207,897	-	-	2,268,067	2,207,897
Grants and other contributions not restricted	1,850,396	1,864,995	-	4,000	1,850,396	1,868,995
Use of money and property	511,396	349,259	49,147	14,953	560,543	364,212
Gain / (loss) on disposal of capital assets	-	3,610	-	-	-	3,610
Miscellaneous	148,228	108,317	346	10,668	148,574	118,985
Total revenues	\$ 31,131,781	\$ 30,137,926	\$ 2,169,962	\$ 1,899,285	\$ 33,301,743	\$ 32,037,211
Expenses:						
General government administration	\$ 2,985,304	\$ 2,837,806	\$ -	\$ -	\$ 2,985,304	\$ 2,837,806
Judicial administration	1,236,444	1,193,501	-	-	1,236,444	1,193,501
Public safety	5,831,993	5,501,750	-	-	5,831,993	5,501,750
Public works	3,351,899	2,849,927	-	-	3,351,899	2,849,927
Health and welfare	4,594,264	3,795,038	-	-	4,594,264	3,795,038
Education	8,904,747	8,603,139	-	-	8,904,747	8,603,139
Parks, recreation, and cultural	719,343	721,856	-	-	719,343	721,856
Community development	783,581	686,047	-	-	783,581	686,047
Interest on long-term debt	526,687	480,837	-	-	526,687	480,837
Water and Sewer	-	-	2,441,678	2,212,642	2,441,678	2,212,642
Total expenses	\$ 28,934,262	\$ 26,669,901	\$ 2,441,678	\$ 2,212,642	\$ 31,375,940	\$ 28,882,543
Increase (decrease) in net position before transfers	\$ 2,197,519	\$ 3,468,025	\$ (271,716)	\$ (313,357)	\$ 1,925,803	\$ 3,154,668
Transfers	-	16,072	-	(16,072)	-	-
Increase in net position	\$ 2,197,519	\$ 3,484,097	\$ (271,716)	\$ (329,429)	\$ 1,925,803	\$ 3,154,668
Net position, July 1	18,295,849	14,811,752	21,179,154	21,508,583	39,475,003	36,320,335
Net position, June 30	\$ 20,493,368	\$ 18,295,849	\$ 20,907,438	\$ 21,179,154	\$ 41,400,806	\$ 39,475,003

Government-wide Financial Analysis: (Continued)

- The increase of \$2,197,519 in the governmental activities net position was largely attributable revenues exceeding expenses.
- Net position for business-type activities showed a decrease of \$271,716 during fiscal year 2019.

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 \$15,842,876 a decrease of \$1,872,029 in comparison with the prior year. Approximately 41% 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 \$271,716.

General Fund Budgetary Highlights

The difference between the original budget and the final amended budget was an increase of \$11,234,711 in expenditures and can be briefly summarized as follows:

- \$225,402 in increases for general government administration
- \$943,150 in increases for health and welfare
- \$1,580,316 in increases for public safety
- \$334,202 in increases for public works
- \$7,780,277 in increases for capital projects
- \$371,364 in other increases

Of this increase, \$1,886,410 was to be funded from intergovernmental revenues. The remaining \$9,348,301 was to be budgeted from available fund balance and other revenue increases. During the year, however, expenditures were less than budgetary estimates by \$6,927,138 thus eliminating the need to draw upon the \$6,562,912 of the existing fund balance which was budgeted.

Capital Asset and Debt Administration

- Capital assets - The County's investment in capital assets for its governmental operations as of June 30, 2019 amounts to \$21,724,253 (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 \$32,199,935 as of June 30, 2019. 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 \$18,030,081 for its governmental activities. Of this amount \$940,000 comprises debt backed by the full faith and credit of the County. The remainder of the County's debt for governmental operations \$8,483,966 represents bonds secured solely by specified revenue sources (i.e., revenue bonds), landfill liability of \$119,424, capital leases of \$5,390,608, OPEB liabilities of \$886,449, pension liability of \$1,615,086 and compensated absences of \$594,548. Business-type debt is comprised of \$13,300,456 bonds secured solely by water and sewer revenues, \$66,871 treatment plant upgrade, net pension liability of \$49,951, OPEB liabilities of \$27,909 and compensated absences of \$17,607.

The County's total long-term obligations decreased by \$1,309,101 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, 2019 is 3.2 percent, which is a decrease from a rate of 3.7 percent a year ago. This is slightly higher than the state's average unemployment rate of 2.9 percent and is less than the national average rate of 3.8 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 2020 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, 2019

	Primary Government			Component
	Governmental Activities	Business-type Activities	Total	Unit School Board
ASSETS				
Cash and cash equivalents	\$ 2,393,301	\$ 331,944	\$ 2,725,245	\$ 3,357,696
Cash in custody of others	1,791,529	-	1,791,529	-
Investments	11,291,720	1,218,151	12,509,871	-
Receivables (net of allowance for uncollectibles):				
Taxes receivable	767,830	-	767,830	-
Accounts receivable	188,230	158,627	346,857	3,138
Due from other governmental units	1,078,310	-	1,078,310	638,368
Restricted assets:				
Cash and investments	49,152	631,208	680,360	-
Capital assets (net of accumulated depreciation):				
Land	1,321,857	427,377	1,749,234	258,916
Buildings and system	12,871,502	30,861,593	43,733,095	5,861,374
Machinery and equipment	2,425,608	35,700	2,461,308	1,847,785
Intangible assets	-	875,265	875,265	-
Construction in progress	5,105,286	-	5,105,286	2,904,547
Total assets	\$ 39,284,325	\$ 34,539,865	\$ 73,824,190	\$ 14,871,824
DEFERRED OUTFLOWS OF RESOURCES				
Pension related items	\$ 952,068	\$ 32,108	\$ 984,176	\$ 2,500,395
OPEB related items	109,052	3,441	112,493	371,314
Total deferred outflows of resources	\$ 1,061,120	\$ 35,549	\$ 1,096,669	\$ 2,871,709
LIABILITIES				
Accounts payable	\$ 1,021,771	\$ 117,231	\$ 1,139,002	\$ 1,000,346
Accrued liabilities	-	-	-	1,839,776
Unearned revenue	-	52,043	52,043	-
Customers' deposits	-	35	35	-
Accrued interest payable	79,605	15,433	95,038	16,208
Due to other governmental units	53,793	-	53,793	66,371
Long-term liabilities:				
Due within one year	870,898	283,853	1,154,751	200,169
Due in more than one year	17,159,183	13,178,941	30,338,124	18,670,605
Total liabilities	\$ 19,188,886	\$ 13,647,536	\$ 32,836,422	\$ 21,793,475
DEFERRED INFLOWS OF RESOURCES				
Pension related items	\$ 462,125	\$ 15,934	\$ 478,059	\$ 2,023,404
OPEB related items	144,224	4,506	148,730	172,394
Deferred revenue - property taxes	56,842	-	56,842	-
Total deferred inflows of resources	\$ 663,191	\$ 20,440	\$ 683,631	\$ 2,195,798
NET POSITION				
Net Investment in capital assets	\$ 8,701,208	\$ 18,832,608	\$ 27,533,816	\$ 10,104,451
Restricted:				
Debt service and bond covenants	49,152	631,208	680,360	-
Unrestricted (deficit)	11,743,008	1,443,622	13,186,630	(16,350,191)
Total net position	\$ 20,493,368	\$ 20,907,438	\$ 41,400,806	\$ (6,245,740)

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, 2019

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 2,985,304	\$ -	\$ 238,382	\$ -
Judicial administration	1,236,444	251,238	504,155	-
Public safety	5,831,993	74,606	1,560,987	-
Public works	3,351,899	459,566	9,718	-
Health and welfare	4,594,264	-	3,096,939	-
Education	8,904,747	-	-	-
Parks, recreation, and cultural	719,343	277,019	1,787	71,644
Community development	783,581	6,315	139,455	194,239
Interest on long-term debt	526,687	-	-	-
Total governmental activities	\$ 28,934,262	\$ 1,068,744	\$ 5,551,423	\$ 265,883
Business-type activities:				
Water and sewer	\$ 2,441,678	\$ 2,120,469	\$ -	\$ -
Total business-type activities	\$ 2,441,678	\$ 2,120,469	\$ -	\$ -
Total primary government	\$ 31,375,940	\$ 3,189,213	\$ 5,551,423	\$ 265,883
COMPONENT UNIT:				
School Board	\$ 22,575,631	\$ 171,942	\$ 14,219,504	\$ 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 and transfers
 Change in net position
 Net position - beginning
 Net position - ending

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

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	School Board
\$ (2,746,922)		\$ (2,746,922)	
(481,051)		(481,051)	
(4,196,400)		(4,196,400)	
(2,882,615)		(2,882,615)	
(1,497,325)		(1,497,325)	
(8,904,747)		(8,904,747)	
(368,893)		(368,893)	
(443,572)		(443,572)	
(526,687)		(526,687)	
<u>\$ (22,048,212)</u>		<u>\$ (22,048,212)</u>	
	\$ (321,209)	\$ (321,209)	
	\$ (321,209)	\$ (321,209)	
	<u>\$ (321,209)</u>	<u>\$ (22,369,421)</u>	
			<u>\$ (8,030,185)</u>
\$ 19,467,644	\$ -	\$ 19,467,644	\$ -
830,126	-	830,126	-
340,214	-	340,214	-
819,444	-	819,444	-
206,819	-	206,819	-
71,464	-	71,464	-
511,396	49,147	560,543	30,665
148,228	346	148,574	216,365
-	-	-	8,846,711
1,850,396	-	1,850,396	-
<u>\$ 24,245,731</u>	<u>\$ 49,493</u>	<u>\$ 24,295,224</u>	<u>\$ 9,093,741</u>
<u>\$ 2,197,519</u>	<u>\$ (271,716)</u>	<u>\$ 1,925,803</u>	<u>\$ 1,063,556</u>
18,295,849	21,179,154	39,475,003	(7,309,296)
<u>\$ 20,493,368</u>	<u>\$ 20,907,438</u>	<u>\$ 41,400,806</u>	<u>\$ (6,245,740)</u>

Fund Financial Statements

Balance Sheet
 Governmental Funds
 June 30, 2019

	General	General Capital Projects	Other Governmental Funds	Total
ASSETS				
Cash and cash equivalents	\$ 1,734,248	\$ -	\$ 696,555	\$ 2,430,803
Cash in custody of others	1,791,529	-	-	1,791,529
Investments	10,269,368	1,020,377	1,975	11,291,720
Receivables (net of allowance for uncollectibles):				
Taxes receivable	767,830	-	-	767,830
Accounts receivable	188,230	-	-	188,230
Due from other governmental units	1,078,310	-	-	1,078,310
Restricted assets:				
Investments	-	-	49,152	49,152
Total assets	<u>\$ 15,829,515</u>	<u>\$ 1,020,377</u>	<u>\$ 747,682</u>	<u>\$ 17,597,574</u>
LIABILITIES				
Liabilities:				
Reconciled overdraft	\$ -	\$ 37,502	\$ -	\$ 37,502
Accounts payable	998,188	-	23,583	1,021,771
Retainage payable	3,636	-	-	3,636
Due to other governmental units	53,793	-	-	53,793
Total liabilities	<u>\$ 1,055,617</u>	<u>\$ 37,502</u>	<u>\$ 23,583</u>	<u>\$ 1,116,702</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	<u>\$ 637,996</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 637,996</u>
FUND BALANCES:				
Restricted	\$ 220,000	\$ -	\$ 49,152	\$ 269,152
Committed	2,167,847	-	674,947	2,842,794
Assigned	5,305,185	982,875	-	6,288,060
Unassigned	6,442,870	-	-	6,442,870
Total fund balances	<u>\$ 14,135,902</u>	<u>\$ 982,875</u>	<u>\$ 724,099</u>	<u>\$ 15,842,876</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 15,829,515</u>	<u>\$ 1,020,377</u>	<u>\$ 747,682</u>	<u>\$ 17,597,574</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, 2019

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	15,842,876
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Land	\$	1,321,857	
Construction in progress		5,105,286	
Buildings and improvements, net of depreciation		12,871,502	
Machinery and equipment, net of depreciation		<u>2,425,608</u>	21,724,253

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

Pension related items	\$	952,068	
OPEB related items		<u>109,052</u>	1,061,120

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.

581,154

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	\$	(79,605)	
Bonds and notes payable		(9,423,966)	
Net OPEB liability		(886,449)	
Compensated absences		(594,548)	
Capital leases		(5,390,608)	
Net pension liability		(1,615,086)	
Landfill closure/post-closure liability		<u>(119,424)</u>	(18,109,686)

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

Pension related items	(462,125)	
OPEB related items	<u>(144,224)</u>	<u>(606,349)</u>

Net position of governmental activities	\$	<u><u>20,493,368</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, 2019

	General	General Capital Projects	Other Governmental Funds	Total
REVENUES				
General property taxes	\$ 19,691,324	\$ -	\$ 62,859	\$ 19,754,183
Other local taxes	2,268,067	-	-	2,268,067
Permits, privilege fees, and regulatory licenses	275,080	-	-	275,080
Fines and forfeitures	222,405	-	-	222,405
Revenue from the use of money and property	343,273	26,932	141,191	511,396
Charges for services	112,012	-	459,247	571,259
Miscellaneous	148,228	-	-	148,228
Recovered costs	1,466,432	-	-	1,466,432
Intergovernmental:				
Commonwealth	6,123,536	-	-	6,123,536
Federal	1,544,166	-	-	1,544,166
Total revenues	<u>\$ 32,194,523</u>	<u>\$ 26,932</u>	<u>\$ 663,297</u>	<u>\$ 32,884,752</u>
EXPENDITURES				
Current:				
General government administration	\$ 2,899,096	\$ -	\$ -	\$ 2,899,096
Judicial administration	1,044,214	-	-	1,044,214
Public safety	7,297,160	-	-	7,297,160
Public works	3,198,150	-	-	3,198,150
Health and welfare	4,596,180	-	-	4,596,180
Education	8,695,421	-	-	8,695,421
Parks, recreation, and cultural	487,135	-	-	487,135
Community development	804,652	-	117,120	921,772
Nondepartmental	178,157	-	-	178,157
Capital projects	3,415,587	4,718	201,406	3,621,711
Debt service:				
Principal retirement	954,375	74,904	261,509	1,290,788
Interest and other fiscal charges	470,944	2,779	53,274	526,997
Total expenditures	<u>\$ 34,041,071</u>	<u>\$ 82,401</u>	<u>\$ 633,309</u>	<u>\$ 34,756,781</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,846,548)</u>	<u>\$ (55,469)</u>	<u>\$ 29,988</u>	<u>\$ (1,872,029)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 89,104	\$ 40,183	\$ -	\$ 129,287
Transfers out	(40,183)	-	(89,104)	(129,287)
Total other financing sources (uses)	<u>\$ 48,921</u>	<u>\$ 40,183</u>	<u>\$ (89,104)</u>	<u>\$ -</u>
Net change in fund balances	\$ (1,797,627)	\$ (15,286)	\$ (59,116)	\$ (1,872,029)
Fund balances - beginning	15,933,529	998,161	783,215	17,714,905
Fund balances - ending	<u>\$ 14,135,902</u>	<u>\$ 982,875</u>	<u>\$ 724,099</u>	<u>\$ 15,842,876</u>

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, 2019

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

Net change in fund balances - total governmental funds \$ (1,872,029)

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	\$	4,002,837	
Depreciation expense		<u>(1,509,343)</u>	2,493,494

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is to decrease net position. (3,700)

Transfer of joint tenancy assets from Primary Government to the Component Unit (162,000)

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

Property taxes (286,539)

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	\$	(2,685)	
Lease revenue bonds		452,196	
Deferred charge on refunding		(12,418)	
General obligation bonds		115,000	
State literary fund loans		165,000	
Capital leases		<u>558,592</u>	1,275,685

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	\$	24,697	
OPEB expense		3,531	
Net pension expense		711,652	
Accrued interest payable		<u>12,728</u>	<u>752,608</u>

Change in net position of governmental activities \$ 2,197,519

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

Statement of Net Position
 Proprietary Funds
 June 30, 2019

	<u>Enterprise Fund</u>
	<u>Water and</u>
	<u>Sewer</u>
	<u>Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 331,944
Investments	1,218,151
Accounts receivable, net of allowance for uncollectibles	158,627
Total current assets	<u>\$ 1,708,722</u>
Noncurrent assets:	
Restricted assets:	
Cash and investments	\$ 631,208
Total restricted assets	<u>\$ 631,208</u>
Capital assets:	
Land - Sewer	\$ 427,377
Buildings and system - Sewer	37,907,111
Buildings and system - Water	1,183,857
Machinery and equipment - Sewer	237,010
Intangible assets - Sewer	1,209,113
Accumulated depreciation - Sewer	(7,889,075)
Accumulated depreciation - Water	(875,458)
Total net capital assets	<u>\$ 32,199,935</u>
Total noncurrent assets	<u>\$ 32,831,143</u>
Total assets	<u>\$ 34,539,865</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension related items	\$ 32,108
OPEB related items	3,441
Total deferred outflows of resources	<u>\$ 35,549</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 117,231
Customers' deposits	35
Unearned revenue	52,043
Accrued interest payable	15,433
Compensated absences - current portion	1,761
Sewer treatment plant agreement - current portion	6,319
Bonds payable - Sewer - current portion	269,447
Bonds payable - Water - current portion	6,326
Total current liabilities	<u>\$ 468,595</u>
Noncurrent liabilities:	
Bonds payable - Sewer - net of current portion	\$ 12,795,370
Bonds payable - Water - net of current portion	229,313
Sewer treatment plant agreement - noncurrent portion	60,552
Net pension liability	49,951
Net OPEB liability	27,909
Compensated absences - net of current portion	15,846
Total noncurrent liabilities	<u>\$ 13,178,941</u>
Total liabilities	<u>\$ 13,647,536</u>
DEFERRED INFLOWS OF RESOURCES	
Pension related items	\$ 15,934
OPEB related items	4,506
Total deferred inflows of resources	<u>\$ 20,440</u>
NET POSITION	
Net investment in capital assets	\$ 18,832,608
Restricted for debt service and bond covenants	631,208
Unrestricted	1,443,622
Total net position	<u>\$ 20,907,438</u>

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, 2019

	<u>Enterprise Fund</u>
	<u>Water and</u>
	<u>Sewer</u>
	<u>Fund</u>
OPERATING REVENUES	
Charges for services:	
Water revenues	\$ 41,227
Sewer revenues	1,594,083
Total operating revenues	<u>\$ 1,635,310</u>
OPERATING EXPENSES	
Water	\$ 27,135
Sewer	1,125,205
Other expenses	8,494
Depreciation - water	28,221
Depreciation - sewer	825,911
Total operating expenses	<u>\$ 2,014,966</u>
Operating income (loss)	<u>\$ (379,656)</u>
NONOPERATING REVENUES (EXPENSES)	
Interest income	\$ 49,147
Availability/connection/tap fees - sewer	477,159
Availability/connection/tap fees - water	8,000
Interest expense - water	(10,739)
Interest expense - sewer	(415,973)
Other nonoperating item - water	1,037
Other nonoperating item - sewer	(691)
Total nonoperating revenues (expenses)	<u>\$ 107,940</u>
Income (loss)	<u>\$ (271,716)</u>
Change in net position	\$ (271,716)
Total net position - beginning	21,179,154
Total net position - ending	<u><u>\$ 20,907,438</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, 2019

	Enterprise Funds
	Water and Sewer Fund
	Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 1,656,492
Payments to suppliers	(941,958)
Payments to and for employees	(204,921)
Net cash provided by (used for) operating activities	\$ 509,613
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Additions to utility plant	\$ (400,083)
Principal payments on bonds	(267,181)
Principal payments on treatment plant agreement	(6,319)
Interest expense	(427,067)
Availability/connection fees	485,159
Other	346
Net cash provided by (used for) capital and related financing activities	\$ (615,145)
CASH FLOWS FROM INVESTING ACTIVITIES	
Sale (purchase) of investments	\$ (40,653)
Interest income	49,147
Net cash provided by (used for) investing activities	\$ 8,494
Net increase (decrease) in cash and cash equivalents	\$ (97,038)
Cash and cash equivalents - beginning	428,982
Cash and cash equivalents - ending	\$ 331,944
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ (379,656)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	\$ 854,132
(Increase) decrease in accounts receivable	21,182
(Increase) decrease in deferred outflows - pension related items	(9,488)
(Increase) decrease in deferred outflows - OPEB related items	(528)
Increase (decrease) in accounts payable	5,609
Increase (decrease) in net pension liability	9,305
Increase (decrease) in net OPEB liability	(2,405)
Increase (decrease) in deferred inflows - pension related items	(21,427)
Increase (decrease) in deferred inflows - OPEB related items	2,408
Increase (decrease) in unearned revenue	36,254
Increase (decrease) in compensated absences	(5,773)
Total adjustments	\$ 889,269
Net cash provided by (used for) operating activities	\$ 509,613

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

Statement of Fiduciary Net Position
 Fiduciary Funds
 June 30, 2019

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ <u>118,427</u>
LIABILITIES	
Accounts payable and accrued liabilities	\$ 65,269
Amounts held for social services clients	8,954
Amounts held for alternative education program	<u>44,204</u>
Total liabilities	<u>\$ 118,427</u>

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, 2019

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).

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.

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 \$452,868 in operating funds to the Library in 2019.

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, 2019.

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 \$85,784 to the Middle Peninsula Juvenile Detention Commission for the fiscal year ended June 30, 2019.

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.

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 2019.

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. Debt Service Funds - The Debt Service Fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt service funds should also be used to report financial resources being accumulated for future debt service. The A.T. Johnson Debt Service Fund is the only debt service fund. The AT Johnson Debt Service Fund is a nonmajor fund.
- c. 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.
- d. 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.

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.
- 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.

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

C. Basis of Accounting

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

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

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

The fund financial statements of the General, Special Revenue, Debt Service, 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.

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.

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, Debt Service 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, 2019, 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.

DI. 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.

DII. Investments

Investments are reported at fair value.

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

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

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 \$368,371 at June 30, 2019 and is comprised of the following:

General Fund--taxes receivable	\$ 252,971
Water and Sewer Fund--accounts receivable	115,400
Total	<u>\$ 368,371</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.

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.

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

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 items that qualify for reporting in this category. One item is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Another item 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.

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.

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

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.

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;

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

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

Q. Fund Equity: (Continued)

- 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.

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	\$ -	\$ -	\$ 505,647	\$ 505,647
Glebe Harbor Cabin Point Sanitary District	-	-	169,300	169,300
Financial software	379,730	-	-	379,730
Fire and rescue	423,390	-	-	423,390
Courthouse debt service	337,500	-	-	337,500
Education	1,000,000	-	-	1,000,000
Other purposes	27,227	-	-	27,227
Total Committed Fund Balance	\$ 2,167,847	\$ -	\$ 674,947	\$ 2,842,794
Assigned:				
Recreation complex	\$ 470,284	\$ -	\$ -	\$ 470,284
Recreation access road	858,499	-	-	858,499
Fire and rescue	149,575	-	-	149,575
School waterline	443,313	-	-	443,313
Capital projects	2,543,600	982,875	-	3,526,475
Other purposes	839,914	-	-	839,914
Total Assigned Fund Balance	\$ 5,305,185	\$ 982,875	\$ -	\$ 6,288,060
Unassigned	\$ 6,442,870	\$ -	\$ -	\$ 6,442,870
Total Fund Balances	\$ 14,135,902	\$ 982,875	\$ 724,099	\$ 15,842,876

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

R. Other Postemployment Benefits (OPEB):

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

S. Adoption of Accounting Principles

The County implemented the financial reporting provisions of Governmental Accounting Standards Board Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements* during the fiscal year ended June 30, 2019. This Statement clarifies which liabilities governments should include when disclosing information related to debt. It also requires that additional essential information related to debt be disclosed in notes to financial statements. No restatement was required as a result of this implementation.

The County early implemented provisions of Governmental Accounting Standards Board Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period* during the fiscal year ended June 30, 2019. This Statement simplifies accounting for interest cost incurred before the end of a construction period. Interest cost incurred during construction is expensed and no longer capitalized as part of project costs. No restatement was required as a result of this implementation.

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, 2019 were held in the County's name by the County's custodial bank.

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

NOTE 2 - DEPOSITS AND INVESTMENTS: (Continued)

Credit Risk of Debt Securities

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.

The County's rated debt investments as of June 30, 2019 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			
	AAA	AA+	A	A-
U.S. Treasuries	\$ -	\$ 7,633,375	\$ -	\$ -
Corporate Debt	-	-	99,958	199,813
Money Market Mutual Fund	3,909,730	-	-	-
Total	\$ 3,909,730	\$ 7,633,375	\$ 99,958	\$ 199,813

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	\$ 7,633,376	\$ 5,547,109	\$ 2,086,267
Money Market Mutual Fund	3,909,730	3,909,730	-
Corporate Bonds	299,770	284,594	15,176
Total	\$ 11,842,876	\$ 9,741,433	\$ 2,101,443

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (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, 2019:

<u>Investment</u>	<u>June 30, 2019</u>	<u>Fair Value Measurement Using Quoted Prices in Active Markets For Identical Assets (Level 1)</u>
U.S. Treasuries	\$ 7,633,376	\$ 7,633,376
Money Market Mutual Fund	3,909,730	3,909,730
Corporate Bonds	299,770	299,770
 Total	 \$ 11,842,876	 \$ 11,842,876

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 2018 were levied by the County Board of Supervisors on May 1, 2018, on the assessed value listed as of January 1, 2018.

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (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 2017 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	0.41	0.07	0.63
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, 2019 consist of the following:

	<u>Primary Government Governmental Activities</u>	Business- type Activities	<u>Component Unit School Board</u>
	<u>General</u>		
Property taxes	\$ 1,020,801	\$ -	\$ -
Utility taxes	28,331	-	-
Water and sewer charges	-	274,027	-
Other	159,899	-	3,138
Total	\$ 1,209,031	\$ 274,027	\$ 3,138
Allowance for uncollectibles	(252,971)	(115,400)	-
Net receivables	\$ 956,060	\$ 158,627	\$ 3,138

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

NOTE 6 - DUE FROM OTHER GOVERNMENTAL UNITS:

At June 30, 2019:

	<u>Governmental Activities</u>	<u>Component Unit</u>
	<u>General</u>	<u>School Board</u>
Commonwealth of Virginia:		
Local sales taxes	\$ 281,441	\$ -
Communication taxes	44,795	-
State sales taxes	-	310,273
Social Services	140,072	-
Comprehensive Services Act	203,736	-
Shared expenses and grants	151,414	-
Recreation grant	71,644	
Other	185,208	84,568
Federal pass-through school funds	-	243,527
Total	<u>\$ 1,078,310</u>	<u>\$ 638,368</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	\$ 40,183
Transfers to the General Fund to reimburse shared costs	<u>89,104</u>
Total transfers	<u>\$ 129,287</u>
Reconciliation of transfers:	
Transfers in - governmental funds	<u>\$ 129,287</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, 2019 (Continued)

NOTE 8 - DUE TO OTHER GOVERNMENTAL UNITS:

At June 30, 2019:

	<u>Governmental Activities General</u>	<u>Component Unit School Board</u>
Town of Colonial Beach: Sales tax	\$ 50,082	\$ 66,371
Town of Montross: Sales tax	<u>3,711</u>	<u>-</u>
Total	<u>\$ 53,793</u>	<u>\$ 66,371</u>

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COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

NOTE 9 - CAPITAL ASSETS:

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

Primary Government:

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,321,857	\$ -	\$ -	\$ 1,321,857
Construction in Progress	<u>1,690,015</u>	<u>3,415,271</u>	<u>-</u>	<u>5,105,286</u>
Total capital assets not being depreciated	<u>\$ 3,011,872</u>	<u>\$ 3,415,271</u>	<u>\$ -</u>	<u>\$ 6,427,143</u>
Other capital assets:				
Buildings and improvements	\$ 20,524,519	\$ 23,975	\$ -	\$ 20,548,494
Machinery, equipment and vehicles	7,241,389	563,591	470,584	7,334,396
Jointly owned assets	<u>1,220,000</u>	<u>-</u>	<u>280,000</u>	<u>940,000</u>
Total other capital assets	<u>\$ 28,985,908</u>	<u>\$ 587,566</u>	<u>\$ 750,584</u>	<u>\$ 28,822,890</u>
Accumulated depreciation:				
Buildings and improvements	\$ 7,683,392	\$ 636,072	\$ -	\$ 8,319,464
Machinery, equipment and vehicles	4,549,401	826,271	466,884	4,908,788
Jointly owned assets	<u>368,528</u>	<u>47,000</u>	<u>118,000</u>	<u>297,528</u>
Total accumulated depreciation	<u>\$ 12,601,321</u>	<u>\$ 1,509,343</u>	<u>\$ 584,884</u>	<u>\$ 13,525,780</u>
Other capital assets, net	<u>\$ 16,384,587</u>	<u>\$ (921,777)</u>	<u>\$ 165,700</u>	<u>\$ 15,297,110</u>
Net capital assets	<u>\$ 19,396,459</u>	<u>\$ 2,493,494</u>	<u>\$ 165,700</u>	<u>\$ 21,724,253</u>
Depreciation is allocated to:				
General government administration		\$ 322,717		
Judicial administration		255,756		
Public safety		539,432		
Health and welfare		116,825		
Education		47,326		
Public works		77,286		
Parks and recreation		135,892		
Community Development		<u>14,109</u>		
Total governmental activities		<u>\$ 1,509,343</u>		

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

NOTE 9 - CAPITAL ASSETS: (Continued)

Primary Government: (Continued)

	<u>Balance July 1, 2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2019</u>
Business-type Activities:				
Capital assets not being depreciated:				
Land	\$ 427,377	\$ -	\$ -	\$ 427,377
Total capital assets not being depreciated	<u>\$ 427,377</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 427,377</u>
Other capital assets:				
Buildings and systems	\$ 38,706,302	\$ 384,666	\$ -	\$ 39,090,968
Intangible assets	1,209,113	-	-	1,209,113
Machinery and equipment	225,899	58,698	47,587	237,010
Total other capital assets	<u>\$ 40,141,314</u>	<u>\$ 443,364</u>	<u>\$ 47,587</u>	<u>\$ 40,537,091</u>
Accumulated depreciation:				
Buildings and systems	\$ 7,439,410	\$ 789,965	\$ -	\$ 8,229,375
Intangible assets	297,272	36,576	-	333,848
Machinery and equipment	144,356	68,954	12,000	201,310
Total accumulated depreciation	<u>\$ 7,881,038</u>	<u>\$ 895,495</u>	<u>\$ 12,000</u>	<u>\$ 8,764,533</u>
Other capital assets, net	<u>\$ 32,260,276</u>	<u>\$ (452,131)</u>	<u>\$ 35,587</u>	<u>\$ 31,772,558</u>
Net capital assets	<u>\$ 32,687,653</u>	<u>\$ (452,131)</u>	<u>\$ 35,587</u>	<u>\$ 32,199,935</u>

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

NOTE 9 - CAPITAL ASSETS: (Continued)

Component Unit-School Board:

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Capital assets not being depreciated:				
Land	\$ 258,916	\$ -	\$ -	\$ 258,916
Construction in Progress	<u>2,198,833</u>	<u>705,714</u>	<u>-</u>	<u>2,904,547</u>
Total capital assets not being depreciated	<u>\$ 2,457,749</u>	<u>\$ 705,714</u>	<u>\$ -</u>	<u>\$ 3,163,463</u>
Other capital assets:				
Buildings	\$ 18,058,028	\$ 531,414	\$ -	\$ 18,589,442
Machinery, equipment and vehicles	<u>5,489,585</u>	<u>328,595</u>	<u>-</u>	<u>5,818,180</u>
Total other capital assets	<u>\$ 23,547,613</u>	<u>\$ 860,009</u>	<u>\$ -</u>	<u>\$ 24,407,622</u>
Accumulated depreciation:				
Buildings	\$ 12,134,756	\$ 593,312	\$ -	\$ 12,728,068
Machinery, equipment and vehicles	<u>3,670,604</u>	<u>299,791</u>	<u>-</u>	<u>3,970,395</u>
Total accumulated depreciation	<u>\$ 15,805,360</u>	<u>\$ 893,103</u>	<u>\$ -</u>	<u>\$ 16,698,463</u>
Other capital assets, net	<u>\$ 7,742,253</u>	<u>\$ (33,094)</u>	<u>\$ -</u>	<u>\$ 7,709,159</u>
Net capital assets	<u><u>\$ 10,200,002</u></u>	<u><u>\$ 672,620</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 10,872,622</u></u>
Depreciation is allocated to education		<u>\$ 893,103</u>		
Depreciation expense		\$ 775,103		
Transfer of accumulated depreciation on jointly owned assets		<u>118,000</u>		
Total increases in accumulated depreciation above		<u><u>\$ 893,103</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, 2019, is that school financed assets in the amount of \$940,000 are reported in the Primary Government for financial reporting purposes.

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 creditable service or age 50 with at least 30 years of creditable service. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of creditable service or age 50 with at least 10 years of creditable service. 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 creditable service or age 50 with at least 25 years of creditable service. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of creditable service.
- 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 creditable service or when the sum of their age and service equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of creditable service. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of creditable service or age 50 with at least 25 years of creditable service. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of creditable service.
- 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 creditable service, or when the sum of their age and service equal 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of creditable service. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

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 creditable service. Under Plan 1, average final compensation is the average of the employee’s 36 consecutive months of highest compensation and the multiplier is 1.7% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.7% 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 1.7% 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 creditable service 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 creditable service 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, 2017 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Primary Government</u>	<u>Component Unit School Board (Nonprofessional)</u>
Inactive members or their beneficiaries currently receiving benefits	82	54
Inactive members:		
Vested inactive members	11	8
Non-vested inactive members	16	12
Inactive members active elsewhere in VRS	<u>60</u>	<u>4</u>
Total inactive members	87	24
Active members	<u>136</u>	<u>39</u>
Total covered employees	<u><u>305</u></u>	<u><u>117</u></u>

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted 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, 2019 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 \$588,834 and \$603,624 for the years ended June 30, 2019 and June 30, 2018, respectively.

The Component Unit School Board's contractually required contribution rate for nonprofessional employees for the year ended June 30, 2019 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 \$64,017 and \$59,983 for the years ended June 30, 2019 and June 30, 2018, 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, 2017, rolled forward to the measurement date of June 30, 2018.

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, 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.

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 10-Pension Plan: (Continued)

Actuarial Assumptions - General Employees: (Continued)

Inflation	2.5%
Salary increases, including inflation	3.5% – 5.35%
Investment rate of return	7.0%, net of pension plan investment expense, 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 7.0%. However, since the difference was minimal, and a more conservative 7.0% 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 7.0% to simplify preparation of pension liabilities.

Mortality rates:

Largest 10 - Non-Hazardous Duty: 20% 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.

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.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 10-Pension Plan: (Continued)

Actuarial Assumptions - General Employees: (Continued)

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% to 20%

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% to 15%

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, 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	2.5%
Salary increases, including inflation	3.5% – 4.75%
Investment rate of return	7.0%, net of pension plan investment expense, including inflation*

Note 10-Pension Plan: (Continued)

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

* 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 7.0%. However, since the difference was minimal, and a more conservative 7.0% 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 7.0% to simplify preparation of pension liabilities.

Mortality rates:

Largest 10 - Hazardous Duty: 70% 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.

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, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 10-Pension Plan: (Continued)

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

Largest 10 - 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
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Increased rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

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% to 45%

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:

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 10-Pension Plan: (Continued)

Long-Term Expected Rate of Return (Continued)

<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	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Asests	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	<u>100.00%</u>		<u>4.80%</u>
		Inflation	<u>2.50%</u>
	*Expected arithmetic nominal return		<u>7.30%</u>

* The above allocation provides a one-year return of 7.30%. 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 6.83%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. 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, 2018, the alternate rate was the employer contribution rate used in FY 2012 or 90% of the actuarially determined employer contribution rate from the June 30, 2015 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2018, 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, 2018 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.

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 10-Pension Plan: (Continued)

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, 2017	\$ 24,338,260	\$ 23,022,867	\$ 1,315,393
Changes for the year:			
Service cost	\$ 715,093	\$ -	\$ 715,093
Interest	1,658,624	-	1,658,624
Differences between expected and actual experience	560,982	-	560,982
Contributions - employer	-	603,624	(603,624)
Contributions - employee	-	298,340	(298,340)
Net investment income	-	1,699,333	(1,699,333)
Benefit payments, including refunds of employee contributions	(1,287,255)	(1,287,255)	-
Administrative expenses	-	(14,732)	14,732
Other changes	-	(1,510)	1,510
Net changes	<u>\$ 1,647,444</u>	<u>\$ 1,297,800</u>	<u>\$ 349,644</u>
Balances at June 30, 2018	<u>\$ 25,985,704</u>	<u>\$ 24,320,667</u>	<u>\$ 1,665,037</u>

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (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, 2017	\$ 4,058,700	\$ 3,904,793	\$ 153,907
Changes for the year:			
Service cost	\$ 75,447	\$ -	\$ 75,447
Interest	274,669	-	274,669
Differences between expected and actual experience	199,979	-	199,979
Contributions - employer	-	59,979	(59,979)
Contributions - employee	-	34,871	(34,871)
Net investment income	-	284,160	(284,160)
Benefit payments, including refunds of employee contributions	(269,707)	(269,707)	-
Administrative expenses	-	(2,550)	2,550
Other changes	-	(249)	249
Net changes	<u>\$ 280,388</u>	<u>\$ 106,504</u>	<u>\$ 173,884</u>
Balances at June 30, 2018	<u>\$ 4,339,088</u>	<u>\$ 4,011,297</u>	<u>\$ 327,791</u>

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 7.00%, 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 (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	(6.00%)	(7.00%)	(8.00%)
County Net Pension Liability (Asset)	\$ 4,843,817	\$ 1,665,037	\$ (993,530)
Component Unit School Board (nonprofessional) Net Pension Liability (Asset)	\$ 781,235	\$ 327,791	\$ (59,377)

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (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, 2019, the County and Component Unit School Board (nonprofessional) recognized pension expense of (\$144,428), and \$80,320, respectively. At June 30, 2018, 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	\$ 390,471	\$ 269,276	\$ 76,535	\$ -
Change of assumptions	2,211	-	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,660	2,660	-	-
Net difference between projected and actual earnings on pension plan investments	-	206,123	-	30,404
Employer contributions subsequent to the measurement date	588,834	-	64,017	-
Total	\$ 984,176	\$ 478,059	\$ 140,552	\$ 30,404

\$588,834 and \$64,017 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

	Year ended June 30	Primary Government	Component Unit School Board (Nonprofessional)
2020	\$	(1,350)	\$ 91,837
2021		126,223	(2,021)
2022		(187,232)	(40,275)
2023		(20,358)	(3,410)

Note 10-Pension Plan: (Continued)

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2018 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/2018-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, 2019 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 \$1,449,843 and \$1,733,735 for the years ended June 30, 2019 and June 30, 2018, respectively.

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

At June 30, 2019, the school division reported a liability of \$14,148,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2018 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. 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 .12031% as compared to .12267% at June 30, 2017.

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (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)

For the year ended June 30, 2019, the school division recognized pension expense of \$875,000. 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, 2019, 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	\$ -	\$ 1,210,000
Change of assumptions	169,000	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	741,000	483,000
Net difference between projected and actual earnings on pension plan investments	-	300,000
Employer contributions subsequent to the measurement date	<u>1,449,843</u>	<u>-</u>
Total	<u>\$ 2,359,843</u>	<u>\$ 1,993,000</u>

\$1,449,843 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30

2020	\$	(128,000)
2021		(237,000)
2022		(516,000)
2023		(117,000)
Thereafter		(85,000)

Note 10-Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 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	2.5%
Salary increases, including inflation	3.5% – 5.95%
Investment rate of return	7.0%, net of pension plan investment expense, 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 7.0%. However, since the difference was minimal, and a more conservative 7.0% 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 7.0% to simplify preparation of pension liabilities.

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 10-Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study 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

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, 2018, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

		<u>Teacher Employee Retirement Plan</u>
Total Pension Liability	\$	46,679,555
Plan Fiduciary Net Position		34,919,563
Employers' Net Pension Liability (Asset)	\$	<u><u>11,759,992</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		74.81%

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.

Note 10-Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

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

The following presents the school division's proportionate share of the net pension liability using the discount rate of 7.00%, 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 (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	<u>(6.00%)</u>	<u>(7.00%)</u>	<u>(8.00%)</u>
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset)	\$ 21,612,000	\$ 14,148,000	\$ 7,970,000

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 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-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, 2019 (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, 2019:

	Balance July 1, 2018	Issuances/ Increases	Retirements/ Decreases	Balance June 30, 2019
Long-term obligations from governmental activities:				
Direct borrowings and direct placements:				
Lease revenue bonds	\$ 8,936,162	\$ -	\$ 452,196	\$ 8,483,966
General obligation bonds:				
School	1,055,000	-	115,000	940,000
State Literary Fund loans:				
School	165,000	-	165,000	-
Other liabilities:				
Landfill closure/post-closure liability	116,739	2,685	-	119,424
Capital leases	5,949,200	-	558,592	5,390,608
Net OPEB liability	950,716	209,877	274,144	886,449
Net pension liability	1,274,747	2,863,597	2,523,258	1,615,086
Compensated absences	619,245	37,228	61,925	594,548
Total from governmental activities	<u>\$ 19,066,809</u>	<u>\$ 3,113,387</u>	<u>\$ 4,150,115</u>	<u>\$ 18,030,081</u>
Long-term obligations from business-type activities:				
Direct borrowings and direct placements:				
Virginia Resources Authority lease revenue bonds	\$ 13,567,637	\$ -	\$ 267,181	\$ 13,300,456
Treatment plant upgrade agreement	73,190	-	6,319	66,871
Other liabilities:				
Net OPEB liability	30,314	6,193	8,598	27,909
Net pension liability	40,646	88,528	79,223	49,951
Compensated absences	23,380	2,338	8,111	17,607
Total from business-type activities	<u>\$ 13,735,167</u>	<u>\$ 97,059</u>	<u>\$ 369,432</u>	<u>\$ 13,462,794</u>
Long-term obligations from component unit:				
Other liabilities:				
Capital lease	\$ 940,987	\$ -	\$ 172,816	\$ 768,171
Net OPEB liability	3,381,181	565,429	519,642	3,426,968
Net pension liability	15,239,907	4,342,894	5,107,010	14,475,791
Compensated absences	182,442	35,646	18,244	199,844
Total from component unit	<u>\$ 19,744,517</u>	<u>\$ 4,943,969</u>	<u>\$ 5,817,712</u>	<u>\$ 18,870,774</u>
Total long-term obligations	<u>\$ 52,546,493</u>	<u>\$ 8,154,415</u>	<u>\$ 10,337,259</u>	<u>\$ 50,363,649</u>
Reconciliation to Exhibit 1:				
Primary Government				
Long-term liabilities due within one year				\$ 1,154,751
Long-term liabilities due in more than one year				30,338,124
Component Unit				
Long-term liabilities due within one year				200,169
Long-term liabilities due in more than one year				18,670,605
Total long-term obligations				<u>\$ 50,363,649</u>

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (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	
	Principal	Interest	Principal	Interest
2020	\$ 593,927	\$ 785,806	\$ 679,793	\$ 158,497
2021	608,619	771,113	626,869	139,991
2022	623,816	755,917	644,881	121,465
2023	639,526	740,207	664,236	102,357
2024	660,767	723,965	471,000	84,855
2025-2029	3,101,770	3,154,223	2,529,000	249,631
2030-2034	3,024,353	2,383,833	543,000	13,005
2035-2039	3,559,823	1,844,677	-	-
2040-2044	3,952,320	1,211,869	-	-
2045-2049	3,568,574	596,414	-	-
2050-2054	2,229,330	142,783	-	-
2055-2056	228,468	3,140	-	-
Total	\$ <u>22,791,293</u>	\$ <u>13,113,947</u>	\$ <u>6,158,779</u>	\$ <u>869,801</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 landfill closure/postclosure liability are not included.

Details of Long-Term Obligations:

	<u>Amount Outstanding</u>	<u>Due within One year</u>
<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%.	\$ 7,031,932	\$ 119,453
\$1,031,500 lease revenue bonds, payable in monthly installments of \$4,096 through December 28, 2053, interest payable at 3.5%.	982,987	14,986
\$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%.	<u>469,047</u>	<u>62,396</u>
Total lease revenue bonds	<u>\$ 8,483,966</u>	<u>\$ 196,835</u>

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (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 semi-annual installments of \$71,155 from June 15, 2016 to December 15, 2019, interest payable at 1.55%.	\$ 70,608	\$ 70,608
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%.	\$ 5,320,000	\$ 429,000
Total Capital Leases	\$ 5,390,608	\$ 499,608
<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%.	\$ 940,000	\$ 115,000
<u>Landfill closure and post-closure care monitoring liability</u>	\$ 119,424	\$ -
<u>Compensated absences (payable from general fund)</u>	\$ 594,548	\$ 59,455
<u>Net pension liability</u>	\$ 1,615,086	\$ -
<u>Net OPEB liability</u>	\$ 886,449	\$ -
Total long-term obligations from governmental activities	\$ 18,030,081	\$ 870,898

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (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.	\$ 235,639	\$ 6,326
\$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.	892,744	26,811
\$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.	477,770	12,292
\$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.	312,855	6,723
\$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.	246,458	5,349
\$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.	980,040	21,256
\$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.	872,204	15,059
\$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.	1,074,292	23,311
\$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.	1,301,560	29,529
\$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.	2,712,100	46,235
\$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.	4,194,794	82,882
Total Lease Revenue bonds	<u>\$ 13,300,456</u>	<u>\$ 275,773</u>

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (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.	\$ 66,871	\$ 6,319
<u>Net pension liability (payable from water and sewer funds)</u>	\$ 49,951	\$ -
<u>Net OPEB liability (payable from water and sewer funds)</u>	\$ 27,909	\$ -
<u>Compensated absences (payable from water and sewer funds)</u>	\$ 17,607	\$ 1,761
Total long-term obligations from business-type activities	<u>\$ 13,462,794</u>	<u>\$ 283,853</u>
<u>Component Unit:</u>		
<u>Capital Lease:</u>		
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.	\$ 768,171	\$ 180,185
<u>Compensated absences (payable from school fund)</u>	\$ 199,844	\$ 19,984
<u>Net Pension Liability</u>	\$ 14,475,791	\$ -
<u>Net OPEB Liability</u>	\$ 3,426,968	\$ -
Total long-term obligations from component unit	<u>\$ 18,870,774</u>	<u>\$ 200,169</u>

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

NOTE 13 - UNEARNED AND DEFERRED/UNAVAILABLE REVENUE:

At June 30, 2019:

	<u>Government-wide Statements</u>	<u>Balance Sheet</u>
	<u>Governmental Activities</u>	<u>Governmental Funds</u>
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.	\$ -	\$ 581,154
Prepaid property tax revenues representing collections received for property taxes that are applicable to the subsequent budget year.	<u>56,842</u>	<u>56,842</u>
Total	<u>\$ 56,842</u>	<u>\$ 637,996</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, 2019, the County had outstanding construction commitments in the amount of \$3,488,466.

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, 2019 (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. The \$119,424 reported as landfill closure and post closure liability at June 30, 2019, represents the remainder of the liability to close the landfill and the estimated liability for post closure monitoring. These amounts are based on what it would cost to perform all closure and post closure care in 2019. 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	
Larry Roberson, Supervisor	1,000
Larry Roberson - 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) PROGRAM (OPEB PLAN):

Plan Description

The Group Life Insurance (GLI) Program was established pursuant to §51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent employees of the state agencies, teachers, and employees of participating political subdivisions are automatically covered by the VRS GLI Program upon employment. This 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 Program. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured program, it is not included as part of the GLI Program OPEB.

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

Eligible Employees

The GLI Program was established July 1, 1960, for state employees, teachers, and employees of political subdivisions that elect the program. 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 Program 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 program 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 creditable service, the minimum benefit payable was set at \$8,000 by statute. This amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and was increased to \$8,279 effective July 1, 2018.

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

The contribution requirements for the GLI Program are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Program 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, 2019 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 Program from the County were \$34,000 and \$32,000 for the years ended June 30, 2019 and June 30, 2018, respectively. Contributions to School Professional Plan were \$50,000 and \$51,000 for the years ended June 30, 2019 and June 30, 2018, respectively. Contributions to the School Nonprofessional Plan were \$4,000 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 Program OPEB

At June 30, 2019, the County, School Board (Professional) and School Board (Nonprofessional) reported a liabilities of \$496,000, \$782,000, and \$57,000, for their proportionate share of the Net GLI OPEB Liability, respectively. The Net GLI OPEB Liability was measured as of June 30, 2018 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 Program 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, County, School Board (Professional) and School Board (Nonprofessional)'s proportion were .03265%, .05144% and .00373% respectively, as compared to .03238%, .05280% and .00402% at June 30, 2017.

For the year ended June 30, 2019, the County, School Board (Professional) and School Board (Nonprofessional) recognized GLI OPEB expense of \$14,000, \$13,000, and (\$1,000) 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, 2019 (Continued)

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

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

At June 30, 2019, 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	\$ 24,000	\$ 9,000	\$ 38,000	\$ 14,000	\$ 3,000	\$ 1,000
Net difference between projected and actual earnings on GLI OPEB program investments	-	16,000	-	25,000	-	2,000
Change in assumptions	-	21,000	-	33,000	-	2,000
Changes in proportion	49,000	-	50,000	19,000	-	3,000
Employer contributions subsequent to the measurement date	34,000	-	50,000	-	4,000	-
Total	<u>\$ 107,000</u>	<u>\$ 46,000</u>	<u>\$ 138,000</u>	<u>\$ 91,000</u>	<u>\$ 7,000</u>	<u>\$ 8,000</u>

\$34,000, \$50,000, and \$4,000 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, 2020. 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>
2020	\$ 4,000	\$ (4,000)	\$ (2,000)
2021	4,000	(4,000)	(2,000)
2022	4,000	(4,000)	(1,000)
2023	7,000	4,000	-
2024	8,000	5,000	-
Thereafter	-	-	-

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

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Program OPEB (Continued)

Actuarial Assumptions

The total GLI 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. The assumptions include several employer groups as noted below. Mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS CAFR.

Inflation	2.5%
Salary increases, including inflation:	
General state employees	3.5% - 5.35%
Teachers	3.5%-5.95%
SPORS employees	3.5%-4.75%
VaLORS employees	3.5%-4.75%
JRS employees	4.5%
Locality - General employees	3.5%-5.35%
Locality - Hazardous Duty employees	3.5%-4.75%
Investment rate of return	7.0%, 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 7.0%. However, since the difference was minimal, and a more conservative 7.0% 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 7.0% 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) PROGRAM (OPEB PLAN): (CONTINUED)

Actuarial Assumptions: (Continued)

Mortality Rates - Teachers (Continued)

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study 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

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, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

NOTE 19—GROUP LIFE INSURANCE (GLI) PROGRAM (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% to 20%

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, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study 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% to 15%

NOTE 19—GROUP LIFE INSURANCE (GLI) PROGRAM (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, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study 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% to 70%

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) PROGRAM (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, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and Retirement Rates	Updated to a more current mortality table - RP-2014 projected to 2020
Withdrawal Rates	Increased age 50 rates and lowered rates at older ages
Disability Rates	Adjusted termination rates to better fit experience at each age and service year
Salary Scale	Adjusted rates to better match experience
Line of Duty Disability	No change
	Decreased rate from 60% to 45%

NET GLI OPEB Liability

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

	Group Life Insurance OPEB Program
Total GLI OPEB Liability	\$ 3,113,508
Plan Fiduciary Net Position	1,594,773
Employers' Net GLI OPEB Liability (Asset)	<u>\$ 1,518,735</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	51.22%

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) PROGRAM (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	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	<u>100.00%</u>		<u>4.80%</u>
		Inflation	<u>2.50%</u>
		*Expected arithmetic nominal return	<u>7.30%</u>

*The above allocation provides a one-year return of 7.30%. 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 6.83%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 7.00%. 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, 2018, 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, 2018 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) PROGRAM (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 7.00%, 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 (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
Proportionate share of the Group Life Insurance Program Net OPEB Liability:			
Primary Government	\$ 648,000	\$ 496,000	\$ 372,000
School Professional	1,021,000	782,000	587,000
School Nonprofessional	75,000	57,000	43,000

GLI Program Fiduciary Net Position

Detailed information about the GLI Program’s Fiduciary Net Position is available in the separately issued VRS 2018 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/2018-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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

Plan Description

The Political Subdivision Health Insurance Credit (HIC) Program was established pursuant to §51.1-1400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent employees of participating political subdivisions are automatically covered by the VRS Political Subdivision HIC Program 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 Program OPEB, including eligibility, coverage and benefits is described below:

Eligible Employees

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

HIC Program 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, 2019 (Continued)

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

Employees Covered by Benefit Terms

As of the June 30, 2017 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

Inactive members or their beneficiaries currently receiving benefits	6
Inactive members:	
Vested inactive members	-
Non-vested inactive members	-
Inactive members active elsewhere in VRS	-
Total inactive members	<u>6</u>
Active members	54
Total covered employees	<u><u>60</u></u>

Contributions

The contribution requirements for active employees is governed by §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The County contractually required employer contribution rates for the year ended June 30, 2019 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 Program were \$5,493 and \$6,291 for the years ended June 30, 2019 and June 30, 2018, respectively.

COUNTY OF WESTMORELAND, VIRGINIA

Notes of Financial Statements
June 30, 2019 (Continued)

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

Net HIC OPEB Liability

The County's net HIC OPEB liabilities were measured as of June 30, 2018. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2017, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

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	2.5%
Salary increases, including inflation:	
Locality - General employees	3.5%-5.35%
Locality - Hazardous Duty employees	3.5%-4.75%
Investment rate of return	7.0%, 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 7.0%. However, since the difference was minimal, and a more conservative 7.0% 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 7.0% to simplify preparation of the OPEB liabilities.

COUNTY OF WESTMORELAND, VIRGINIA

Notes of Financial Statements
June 30, 2019 (Continued)

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

Actuarial Assumptions: (Continued)

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 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, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study 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% to 20%

COUNTY OF WESTMORELAND, VIRGINIA

Notes of Financial Statements
June 30, 2019 (Continued)

NOTE 20—HEALTH INSURANCE CREDIT (HIC) PROGRAM (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, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study 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% to 15%

COUNTY OF WESTMORELAND, VIRGINIA

Notes of Financial Statements
June 30, 2019 (Continued)

NOTE 20—HEALTH INSURANCE CREDIT (HIC) PROGRAM (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 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, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study 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% to 70%

COUNTY OF WESTMORELAND, VIRGINIA

Notes of Financial Statements
June 30, 2019 (Continued)

NOTE 20—HEALTH INSURANCE CREDIT (HIC) PROGRAM (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, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study 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% to 45%

COUNTY OF WESTMORELAND, VIRGINIA

Notes of Financial Statements
June 30, 2019 (Continued)

NOTE 20—HEALTH INSURANCE CREDIT (HIC) PROGRAM (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	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.30%

*The above allocation provides a one-year return of 7.30%. 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 6.83%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total HIC OPEB liability was 7.00%. 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, 2018, 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, 2018 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, 2019 (Continued)

NOTE 20—HEALTH INSURANCE CREDIT (HIC) PROGRAM (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, 2017	\$ 57,345	\$ 19,409	\$ 37,936
Changes for the year:			
Service cost	\$ 2,862	\$ -	\$ 2,862
Interest	3,918	-	3,918
Benefit changes	-	-	-
Differences between expected and actual experience	-	-	-
Assumption changes	(611)	-	(611)
Contributions - employer	-	6,287	(6,287)
Net investment income	-	1,490	(1,490)
Benefit payments	(2,738)	(2,738)	-
Administrative expenses	-	(39)	39
Other changes	-	(79)	79
Net changes	\$ 3,431	\$ 4,921	\$ (1,490)
Balances at June 30, 2018	\$ 60,776	\$ 24,330	\$ 36,446

COUNTY OF WESTMORELAND, VIRGINIA

Notes of Financial Statements
June 30, 2019 (Continued)

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

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

The following presents the County HIC Program net HIC OPEB liability using the discount rate of 7.00%, 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 (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	1% Decrease	Current Discount	1% Increase
	(6.00%)	(7.00%)	(8.00%)
Town's			
Net HIC OPEB Liability \$	42,833 \$	36,446 \$	30,975

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

For the year ended June 30, 2019, the County recognized HIC Program OPEB expense of \$4,653. At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to the HIC Program from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience \$	-	\$ 512
Net difference between projected and actual earnings on HIC OPEB plan investments	-	445
Change in assumptions	-	1,428
Employer contributions subsequent to the measurement date	5,493	-
Total	\$ 5,493	\$ 2,385

COUNTY OF WESTMORELAND, VIRGINIA

Notes of Financial Statements
June 30, 2019 (Continued)

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

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

\$5,493 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, 2020. 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>		
2020	\$	(606)
2021		(606)
2022		(604)
2023		(453)
2024		(99)
Thereafter		(17)

HIC Program Plan Data

Information about the VRS Political Subdivision HIC Program is available in the separately issued VRS 2018 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/2018-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) PROGRAM (OPEB PLAN):

Plan Description

The Virginia Retirement System (VRS) Teacher Employee Health Insurance Credit (HIC) Program was established pursuant to §51.1-1400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Employee HIC Program. 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 Program OPEB, including eligibility, coverage, and benefits is described below:

Eligible Employees

The Teacher Employee Retiree HIC Program was established July 1, 1993 for retired Teacher Employees covered under VRS who retire with at least 15 years of service credit. Eligible employees 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 Program is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired teachers. For Teacher and other professional school employees who retire with at least 15 years of service credit, the monthly benefit is \$4.00 per year of service per month with no cap on the benefit amount. For Teacher and other professional school employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is either: \$4.00 per month, multiplied by twice the amount of service credit, or \$4.00 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower.

HIC Program 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) PROGRAM (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, 2019 was .20% of covered employee compensation for employees in the VRS Teacher Employee HIC Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 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 Program were \$115,000 and \$120,000 for the years ended June 30, 2019 and June 30, 2018, respectively.

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

At June 30, 2019, the school division reported a liability of \$1,536,000 for its proportionate share of the VRS Teacher Employee HIC Program Net OPEB Liability. The Net VRS Teacher Employee HIC Program OPEB Liability was measured as of June 30, 2018 and the total VRS Teacher Employee HIC Program OPEB liability used to calculate the Net VRS Teacher Employee HIC Program OPEB Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net VRS Teacher Employee Health Insurance Credit Program OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC Program 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, 2018, the school division's proportion of the VRS Teacher Employee HIC Program was .12094% as compared to .12341% at June 30, 2017.

For the year ended June 30, 2018, the school division recognized VRS Teacher Employee HIC Program OPEB expense of \$136,000. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher Employee HIC Program Net OPEB expense was related to deferred amounts from changes in proportion.

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

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

At June 30, 2019, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee HIC Program OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience \$	-	\$ 8,000
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	-	1,000
Change in assumptions	-	13,000
Change in proportion	82,000	27,000
Employer contributions subsequent to the measurement date	<u>115,000</u>	<u>-</u>
Total	<u>\$ 197,000</u>	<u>\$ 49,000</u>

\$115,000 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, 2020. 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

2020	\$ 7,000
2021	7,000
2022	7,000
2023	8,000
2024	7,000
Thereafter	(3,000)

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

Actuarial Assumptions

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee HIC Program 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	2.5%
Salary increases, including inflation	3.5%-5.95%
Investment rate of return	7.0%, 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 7.0%. However, since the difference was minimal, and a more conservative 7.0% 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 7.0% 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) PROGRAM (OPEB PLAN): (CONTINUED)

Actuarial Assumptions: (Continued)

Mortality Rates - Teachers: (Continued)

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study 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

Net Teacher Employee HIC OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee HIC Program represents the program’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2018, NOL amounts for the VRS Teacher Employee HIC Program is as follows (amounts expressed in thousands):

		Teacher Employee HIC OPEB Plan
Total Teacher Employee HIC OPEB Liability	\$	1,381,313
Plan Fiduciary Net Position		111,639
Teacher Employee net HIC OPEB Liability (Asset)	\$	<u>1,269,674</u>

Plan Fiduciary Net Position as a Percentage
of the Total Teacher Employee HIC OPEB Liability 8.08%

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) PROGRAM (OPEB PLAN): (CONTINUED)

Long-Term Expected Rate of Return

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

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return</u>
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	<u>100.00%</u>		<u>4.80%</u>
		Inflation	<u>2.50%</u>
		*Expected arithmetic nominal return	<u>7.30%</u>

*The above allocation provides a one-year return of 7.30%. 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 6.83%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total Teacher Employee HIC OPEB was 7.00%. 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, 2018, the rate contributed by each school division for the VRS Teacher Employee HIC Program 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, 2018 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.

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

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

The follow presents the school division’s proportionate share of the VRS Teacher Employee HIC Program net HIC OPEB liability using the discount rate of 7.00%, 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 (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	1% Decrease	Current Discount	1% Increase
	(6.00%)	(7.00%)	(8.00%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan			
Net HIC OPEB Liability	\$ 1,715,000	\$ 1,536,000	\$ 1,383,000

Teacher Employee HIC OPEB Fiduciary Net Position

Detailed information about the VRS Teacher Employee HIC Program’s Fiduciary Net Position is available in the separately issued VRS 2018 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/2018-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, 2019 (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, 2019 (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, 2019 was \$29,202.

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (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, 2019.

Actuarial Assumptions

The total OPEB liability in the June 30, 2019 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	3.50%
Investment Rate of Return	N/A

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

Discount Rate

The discount rate used when OPEB plan investments are insufficient to pay for future benefit payments is based on the Bond Buyer 20-Year Bond GO Index as of their respective measurement dates. The final equivalent single discount rate used for this year's valuation is 3.50% 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, 2019 (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, 2018	\$	455,094
Changes for the year:		
Service cost		49,903
Interest		17,859
Changes in assumptions		(82,701)
Economic/demographic gains or losses		(29,041)
Benefit payments		(29,202)
Net changes		(73,182)
Balances at June 30, 2019	\$	<u>381,912</u>

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

The following amounts present the total OPEB liability of the County, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.50%) or one percentage point higher (4.50%) than the current discount rate:

Rate		
1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
\$ 414,131	\$ 381,912	\$ 352,790

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (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 (4.2% decreasing to an ultimate rate of 3.1%) or one percentage point higher (6.2% decreasing to an ultimate rate of 5.1%) than the current healthcare cost trend rates:

		Rates	
		Healthcare Cost	
1% Decrease		Trend	1% Increase
\$	329,502	\$	381,912
		\$	445,377

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

For the year ended June 30, 2019, the County recognized OPEB expense in the amount of \$44,822. At June 30, 2019, 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	\$ -	\$ 23,761
Changes in assumptions	-	76,584
Total	\$ -	\$ 100,345

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (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:

<u>Year Ended June 30</u>	
2020	\$ (22,940)
2021	(22,940)
2022	(22,940)
2023	(21,368)
2024	(10,157)
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, 2019 (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, 2019 (measurement date), the following employees were covered by the benefit terms:

Active	\$	247
Retirees and surviving spouses		7
Spouse of current retiree		1
		<hr/>
Total	\$	<u>255</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, 2019 was \$39,642.

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (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, 2019.

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	3.50%

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, 2019 (continued)

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

Discount Rate

The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Index. The final equivalent single discount rate used for this year’s valuation is 3.50% 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, 2018	\$ 961,181
Changes for the year:	
Service cost	56,509
Interest	38,623
Changes in assumptions	35,297
Benefit payments	(39,642)
Net changes	<u>90,787</u>
Balances at June 30, 2019	<u>\$ 1,051,968</u>

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

The following amounts present the total OPEB liability of the School Board, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.50%) or one percentage point higher (4.50%) than the current discount rate:

Rate		
1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
\$ 1,114,537	\$ 1,051,968	\$ 1,005,831

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (continued)

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

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

The following presents the total OPEB liability of the School Board, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (2.50% increasing to an ultimate rate of 3.20%) or one percentage point higher (4.50% increasing to an ultimate rate of 5.20%) than the current healthcare cost trend rates:

Rates		
1% Decrease	Healthcare Cost Trend	1% Increase
\$ 957,095	\$ 1,051,968	\$ 1,169,547

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

For the year ended June 30, 2019, the School Board recognized OPEB expense in the amount of \$96,136. At June 30, 2019, 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
Changes in assumptions	\$ 29,314	\$ 24,394

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (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:

<u>Year Ended June 30</u>	
2020	\$ 1,004
2021	1,004
2022	1,004
2023	1,004
2024	904
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.

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

	<u>Primary Government</u>				<u>Component Unit School Board</u>			
	<u>Net OPEB Liability</u>	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>OPEB Expense</u>	<u>Net OPEB Liability</u>	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>OPEB Expense</u>
School Pay-as-you-go (Note 23)	\$ -	\$ -	\$ -	\$ -	\$ 1,051,968	\$ 29,314	\$ 24,394	\$ 96,000
County Pay-as-you-go (Note 22)	381,912	-	100,345	44,822	-	-	-	-
Group Life County - (Note 19)	496,000	107,000	46,000	14,000	-	-	-	-
Group Life - School Professional (Note 19)	-	-	-	-	782,000	138,000	91,000	13,000
Group Life - School Nonprofessional (Note 19)	-	-	-	-	57,000	7,000	8,000	(1,000)
County HIC Program (Note 20)	36,446	5,493	2,385	4,653	-	-	-	-
Teacher HIC Program (Note 21)	-	-	-	-	1,536,000	197,000	49,000	136,000
Total	<u>\$ 914,358</u>	<u>\$ 112,493</u>	<u>\$ 148,730</u>	<u>\$ 63,475</u>	<u>\$ 3,426,968</u>	<u>\$ 371,314</u>	<u>\$ 172,394</u>	<u>\$ 244,000</u>

NOTE 24— SUBSEQUENT EVENTS:

On September 26, 2019 the County issued Lease Revenue Bond Anticipation Notes, Series 2019 in the par amount of \$46,910,000.

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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive (Negative)
REVENUES				
General property taxes	\$ 19,478,363	\$ 19,478,363	\$ 19,691,324	\$ 212,961
Other local taxes	2,095,535	2,147,354	2,268,067	120,713
Permits, privilege fees, and regulatory licenses	212,150	262,150	275,080	12,930
Fines and forfeitures	135,000	135,000	222,405	87,405
Revenue from the use of money and property	149,462	153,462	343,273	189,811
Charges for services	97,038	102,905	112,012	9,107
Miscellaneous	51,600	156,063	148,228	(7,835)
Recovered costs	1,082,651	1,437,471	1,466,432	28,961
Intergovernmental:				
Commonwealth	5,741,718	7,522,421	6,123,536	(1,398,885)
Federal	1,009,094	1,114,801	1,544,166	429,365
Total revenues	\$ 30,052,611	\$ 32,509,990	\$ 32,194,523	\$ (315,467)
EXPENDITURES				
Current:				
General government administration	\$ 3,134,526	\$ 3,359,928	\$ 2,899,096	\$ 460,832
Judicial administration	1,073,375	1,136,421	1,044,214	92,207
Public safety	6,746,670	8,326,986	7,297,160	1,029,826
Public works	2,962,238	3,296,440	3,198,150	98,290
Health and welfare	4,032,451	4,975,601	4,596,180	379,421
Education	8,752,919	8,695,421	8,695,421	-
Parks, recreation, and cultural	487,267	487,271	487,135	136
Community development	601,344	965,656	804,652	161,004
Nondepartmental	176,657	178,157	178,157	-
Capital projects	340,731	8,121,008	3,415,587	4,705,421
Debt service:				
Principal retirement	954,375	954,375	954,375	-
Interest and other fiscal charges	470,945	470,945	470,944	1
Total expenditures	\$ 29,733,498	\$ 40,968,209	\$ 34,041,071	\$ 6,927,138
Excess (deficiency) of revenues over (under) expenditures	\$ 319,113	\$ (8,458,219)	\$ (1,846,548)	\$ 6,611,671
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 32,000	\$ 89,104	\$ 89,104	\$ -
Transfers out	(77,681)	8,576	(40,183)	(48,759)
Total other financing sources (uses)	\$ (45,681)	\$ 97,680	\$ 48,921	\$ (48,759)
Net change in fund balances	\$ 273,432	\$ (8,360,539)	\$ (1,797,627)	\$ 6,562,912
Fund balances - beginning	(273,432)	8,360,539	15,933,529	7,572,990
Fund balances - ending	\$ -	\$ -	\$ 14,135,902	\$ 14,135,902

Schedule of Changes in Net Pension Liability and Related Ratios
 Primary Government
 For The Measurement Dates of June 30, 2014 through June 30, 2018

	2018	2017	2016	2015	2014
Total pension liability					
Service cost	\$ 715,093	\$ 670,396	\$ 642,911	\$ 648,302	\$ 608,513
Interest	1,658,624	1,613,872	1,636,243	1,554,107	1,477,841
Differences between expected and actual experience	560,982	(366,157)	(1,497,135)	(78,724)	-
Changes in assumptions	-	5,897	-	-	-
Benefit payments, including refunds of employee contributions	(1,287,255)	(1,282,127)	(921,085)	(979,525)	(1,014,156)
Net change in total pension liability	\$ 1,647,444	\$ 641,881	\$ (139,066)	\$ 1,144,160	\$ 1,072,198
Total pension liability - beginning	24,338,260	23,696,379	23,835,445	22,691,285	21,619,087
Total pension liability - ending (a)	\$ 25,985,704	\$ 24,338,260	\$ 23,696,379	\$ 23,835,445	\$ 22,691,285
Plan fiduciary net position					
Contributions - employer	\$ 603,624	\$ 586,693	\$ 672,423	\$ 633,577	\$ 667,482
Contributions - employee	298,340	289,810	252,601	244,702	248,749
Net investment income	1,699,333	2,530,844	364,286	907,326	2,710,890
Benefit payments, including refunds of employee contributions	(1,287,255)	(1,282,127)	(921,085)	(979,525)	(1,014,156)
Administrative expense	(14,732)	(14,715)	(12,671)	(12,350)	(14,578)
Other	(1,510)	(2,250)	(153)	(193)	143
Net change in plan fiduciary net position	\$ 1,297,800	\$ 2,108,255	\$ 355,401	\$ 793,537	\$ 2,598,530
Plan fiduciary net position - beginning	23,022,867	20,914,612	20,559,211	19,765,674	17,167,144
Plan fiduciary net position - ending (b)	\$ 24,320,667	\$ 23,022,867	\$ 20,914,612	\$ 20,559,211	\$ 19,765,674
County's net pension liability - ending (a) - (b)	\$ 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	93.59%	94.60%	88.26%	86.25%	87.11%
Covered payroll	\$ 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	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)
For The Measurement Dates of June 30, 2014 through June 30, 2018

	2018	2017	2016	2015	2014
Total pension liability					
Service cost	\$ 75,447	\$ 77,136	\$ 85,052	\$ 84,808	\$ 98,467
Interest	274,669	275,668	265,470	262,208	252,023
Differences between expected and actual experience	199,979	(114,005)	24,513	(83,136)	-
Changes in assumptions	-	(4,064)	-	-	-
Benefit payments, including refunds of employee contributions	(269,707)	(228,312)	(230,372)	(204,176)	(205,806)
Net change in total pension liability	\$ 280,388	\$ 6,423	\$ 144,663	\$ 59,704	\$ 144,684
Total pension liability - beginning	4,058,700	4,052,277	3,907,614	3,847,910	3,703,226
Total pension liability - ending (a)	\$ 4,339,088	\$ 4,058,700	\$ 4,052,277	\$ 3,907,614	\$ 3,847,910
Plan fiduciary net position					
Contributions - employer	\$ 59,979	\$ 62,921	\$ 74,703	\$ 77,446	\$ 76,884
Contributions - employee	34,871	36,575	35,640	37,061	36,335
Net investment income	284,160	432,043	61,050	161,881	495,868
Benefit payments, including refunds of employee contributions	(269,707)	(228,312)	(230,372)	(204,176)	(205,806)
Administrative expense	(2,550)	(2,569)	(2,313)	(2,275)	(2,729)
Other	(249)	(382)	(26)	(34)	26
Net change in plan fiduciary net position	\$ 106,504	\$ 300,276	\$ (61,318)	\$ 69,903	\$ 400,578
Plan fiduciary net position - beginning	3,904,793	3,604,517	3,665,835	3,595,932	3,195,354
Plan fiduciary net position - ending (b)	\$ 4,011,297	\$ 3,904,793	\$ 3,604,517	\$ 3,665,835	\$ 3,595,932
School Division's net pension liability - ending (a) - (b)	\$ 327,791	\$ 153,907	\$ 447,760	\$ 241,779	\$ 251,978
Plan fiduciary net position as a percentage of the total pension liability	92.45%	96.21%	88.95%	93.81%	93.45%
Covered payroll	\$ 709,125	\$ 741,630	\$ 719,396	\$ 743,755	\$ 726,912
School Division's net pension liability as a percentage of covered payroll	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
For The Measurement Dates of June 30, 2014 through June 30, 2018

	2018	2017	2016	2015	2014
Employer's Proportion of the Net Pension Liability (Asset)	0.12031%	0.12267%	0.11459%	0.11744%	0.11661%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 14,148,000	\$ 15,086,000	\$ 16,059,000	\$ 14,781,000	\$ 14,092,000
Employer's Covered Payroll	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	144.72%	152.53%	181.83%	178.77%	174.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	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
 For The Years Ended June 30, 20010 through June 30, 2019

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					
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%
2010	425,153	425,153	-	4,277,196	9.94%
2009	430,732	430,732	-	4,333,323	9.94%
Component Unit School Board (nonprofessional)					
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%
2010	86,172	86,172	-	983,698	8.76%
Component Unit School Board (professional)					
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
For the Year Ended June 30, 2019

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 following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

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% to 20%

Largest 10 - 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
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Increased rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

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% to 15%

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% to 45%

Component Unit School Board - Professional Employees

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

Schedule of County of Westmoreland, Virginia's Share of Net OPEB Liability
 Group Life Insurance Program
 For the Measurement Dates of June 30, 2018 and 2017

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					
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)					
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)					
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 Program
 For the Years Ended June 30, 2010 through June 30, 2019

<u>Date</u>	<u>Contractually Required Contribution (1)</u>	<u>Contributions in Relation to Contractually Required Contribution (2)</u>	<u>Contribution Deficiency (Excess) (3)</u>	<u>Employer's Covered Payroll (4)</u>	<u>Contributions as a % of Covered Payroll (5)</u>
Primary Government					
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%
2010	8,663	8,663	-	4,277,196	0.20%
Component Unit School Board (nonprofessional)					
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%
2010	2,047	2,047	-	1,007,660	0.20%
Component Unit School Board (professional)					
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%
2010	16,040	16,040	-	7,907,115	0.20%

Notes to Required Supplementary Information
 Group Life Insurance Program
 For the Year Ended June 30, 2019

Changes of benefit terms – There have been no actuarially material changes to the System benefit provisions

Changes of assumptions – The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

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

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% to 20%

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% to 15%

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	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% to 70%

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%

Schedule of Changes in the Net OPEB Liability and Related Ratios
 Health Insurance Credit (HIC) Program
 For the Measurement Dates of June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Total HIC OPEB Liability		
Service cost	\$ 2,862	\$ 2,503
Interest	3,918	3,795
Differences between expected and actual experience	(611)	-
Changes in assumptions	-	(2,146)
Benefit payments	(2,738)	(2,062)
Net change in total HIC OPEB liability	\$ 3,431	\$ 2,090
Total HIC OPEB Liability - beginning	57,345	55,255
Total HIC OPEB Liability - ending (a)	<u>\$ 60,776</u>	<u>\$ 57,345</u>
Plan fiduciary net position		
Contributions - employer	\$ 6,287	\$ 5,895
Net investment income	1,490	1,824
Benefit payments	(2,738)	(2,062)
Administrative expense	(39)	(35)
Other	(79)	79
Net change in plan fiduciary net position	\$ 4,921	\$ 5,701
Plan fiduciary net position - beginning	19,409	13,708
Plan fiduciary net position - ending (b)	<u>\$ 24,330</u>	<u>\$ 19,409</u>
Net HIC OPEB liability - ending (a) - (b)	\$ 36,446	\$ 37,936
Plan fiduciary net position as a percentage of the total HIC OPEB liability	40.03%	33.85%
Covered payroll	\$ 2,329,923	\$ 2,184,545
Net HIC OPEB liability as a percentage of covered payroll	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) Program
 For the Years Ended June 30, 2010 through June 30, 2019

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					
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%
2010	6,419	6,419	-	4,279,107	0.15%

Notes to Required Supplementary Information
 Health Insurance Credit (HIC) Program
 For the Year Ended June 30, 2019

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 following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

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% to 20%

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% to 15%

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	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% to 70%

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%

Schedule of Westmoreland School Board's Share of Net OPEB Liability
 Teacher Employee Health Insurance Credit (HIC) Program
 For the Measurement Dates of June 30, 2018 and 2017

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)
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) Program
 For the Years Ended June 30, 2010 through June 30, 2019

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)
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%
2010	61,782	61,782	-	7,907,115	0.78%

Notes to Required Supplementary Information
 Teacher Employee Health Insurance Credit (HIC) Program
 For the Year Ended June 30, 2019

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 following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

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

Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
 Pay-As-You-Go Plan
 For the Measurement Dates of June 30, 2019 and 2018

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

Valuation Date: 7/1/2018
 Measurement Date: 6/30/2019

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	3.50%
Inflation	2.50%
Healthcare Trend Rate	The healthcare trend rate assumption starts at 5.2% in 2019 and gradually decreases to 4.1% by 2089
Salary Increase Rates	3.50% to 5.35% based on years of service
Retirement Age	Based in VRS eligibility and service requirments
Mortality Rates	The mortality rates are based on the RP-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, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Total OPEB liability		
Service cost	\$ 56,509	\$ 57,806
Interest	38,623	34,151
Changes in assumptions	35,297	(34,352)
Benefit payments	(39,642)	(28,442)
Net change in total OPEB liability	<u>\$ 90,787</u>	<u>\$ 29,163</u>
Total OPEB liability - beginning	<u>961,181</u>	<u>932,018</u>
Total OPEB liability - ending	<u><u>\$ 1,051,968</u></u>	<u><u>\$ 961,181</u></u>
Covered payroll	\$ 10,512,834	\$ 10,512,834
School Board's total OPEB liability (asset) as a percentage of covered payroll	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, 2019

Valuation Date: 1/1/2018
 Measurement Date: 6/30/2019

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

Methods and assumptions used to determine OPEB liability:

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

OTHER SUPPLEMENTARY INFORMATION

Combining and Individual Fund Financial Statements and Schedules

Capital Projects Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 4,000	\$ 4,000	\$ 26,932	\$ 22,932
Total revenues	<u>\$ 4,000</u>	<u>\$ 4,000</u>	<u>\$ 26,932</u>	<u>\$ 22,932</u>
EXPENDITURES				
Capital projects	\$ 50,500	\$ 501,679	\$ 4,718	\$ 496,961
Debt service:				
Principal retirement	74,904	74,904	74,904	-
Interest and other fiscal charges	2,779	2,779	2,779	-
Total expenditures	<u>\$ 128,183</u>	<u>\$ 579,362</u>	<u>\$ 82,401</u>	<u>\$ 496,961</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (124,183)</u>	<u>\$ (575,362)</u>	<u>\$ (55,469)</u>	<u>\$ 519,893</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 77,683	\$ 40,183	\$ 40,183	\$ -
Total other financing sources (uses)	<u>\$ 77,683</u>	<u>\$ 40,183</u>	<u>\$ 40,183</u>	<u>\$ -</u>
Net change in fund balances	\$ (46,500)	\$ (535,179)	\$ (15,286)	\$ 519,893
Fund balances - beginning	46,500	535,179	998,161	462,982
Fund balances - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 982,875</u></u>	<u><u>\$ 982,875</u></u>

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2019

	Special Revenue Funds	Debt Service Fund <u>AT Johson</u> Debt Service Fund	Total
ASSETS			
Cash and cash equivalents	\$ 696,555	\$ -	\$ 696,555
Investments	1,975	-	1,975
Restricted assets:			
Investments	49,152	-	49,152
Total assets	<u>\$ 747,682</u>	<u>\$ -</u>	<u>\$ 747,682</u>
LIABILITIES			
Accounts payable	<u>\$ 23,583</u>	<u>\$ -</u>	<u>\$ 23,583</u>
FUND BALANCES:			
Restricted	\$ 49,152	\$ -	\$ 49,152
Committed	674,947	-	674,947
Total fund balances	<u>\$ 724,099</u>	<u>\$ -</u>	<u>\$ 724,099</u>
Total liabilities and fund balances	<u>\$ 747,682</u>	<u>\$ -</u>	<u>\$ 747,682</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2019

	Special Revenue Funds	Debt Service Fund <u>AT Johson Debt Service Fund</u>	Total
REVENUES			
General property taxes	\$ 62,859	\$ -	\$ 62,859
Revenue from the use of money and property	2,324	138,867	141,191
Charges for services	459,247	-	459,247
Total revenues	<u>\$ 524,430</u>	<u>\$ 138,867</u>	<u>\$ 663,297</u>
EXPENDITURES			
Current:			
Community development	\$ 117,120	\$ -	\$ 117,120
Capital projects	201,406	-	201,406
Debt service:			
Principal retirement	75,424	186,085	261,509
Interest and other fiscal charges	46,369	6,905	53,274
Total expenditures	<u>\$ 440,319</u>	<u>\$ 192,990</u>	<u>\$ 633,309</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 84,111</u>	<u>\$ (54,123)</u>	<u>\$ 29,988</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>\$ (32,000)</u>	<u>\$ (57,104)</u>	<u>\$ (89,104)</u>
Total other financing sources (uses)	<u>\$ (32,000)</u>	<u>\$ (57,104)</u>	<u>\$ (89,104)</u>
Net change in fund balances	\$ 52,111	\$ (111,227)	\$ (59,116)
Fund balances - beginning	671,988	111,227	783,215
Fund balances - ending	<u><u>\$ 724,099</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 724,099</u></u>

Combining Balance Sheet
 Nonmajor Special Revenue Funds
 June 30, 2019

	Placid Bay Sanitary District Fund	Glebe Harbor Cabin Point Sanitary District Fund	Total
ASSETS			
Cash and cash equivalents	\$ 504,695	\$ 191,860	\$ 696,555
Investments	1,975	-	1,975
Restricted assets:			
Investments	49,152	-	49,152
Total assets	<u>\$ 555,822</u>	<u>\$ 191,860</u>	<u>\$ 747,682</u>
LIABILITIES			
Accounts payable	<u>\$ 1,023</u>	<u>\$ 22,560</u>	<u>\$ 23,583</u>
FUND BALANCES:			
Reserved for:			
Restricted	\$ 49,152	\$ -	\$ 49,152
Committed	\$ 505,647	\$ 169,300	\$ 674,947
Total fund balances	<u>\$ 554,799</u>	<u>\$ 169,300</u>	<u>\$ 724,099</u>
Total liabilities and fund balances	<u>\$ 555,822</u>	<u>\$ 191,860</u>	<u>\$ 747,682</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Special Revenue Funds
 For the Year Ended June 30, 2019

	Placid Bay Sanitary District Fund	Glebe Harbor Cabin Point Sanitary District Fund	Total
REVENUES			
General property taxes	\$ 62,859	\$ -	\$ 62,859
Revenue from the use of money and property	1,307	1,017	2,324
Charges for services	182,228	277,019	459,247
Total revenues	<u>\$ 246,394</u>	<u>\$ 278,036</u>	<u>\$ 524,430</u>
EXPENDITURES			
Current:			
Community development	\$ -	\$ 117,120	\$ 117,120
Capital projects	127,074	74,332	201,406
Debt service:			
Principal retirement	14,472	60,952	75,424
Interest and other fiscal charges	34,680	11,689	46,369
Total expenditures	<u>\$ 176,226</u>	<u>\$ 264,093</u>	<u>\$ 440,319</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 70,168</u>	<u>\$ 13,943</u>	<u>\$ 84,111</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	\$ -	\$ (32,000)	\$ (32,000)
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ (32,000)</u>	<u>\$ (32,000)</u>
Net change in fund balances	\$ 70,168	\$ (18,057)	\$ 52,111
Fund balances - beginning	484,631	187,357	671,988
Fund balances - ending	<u>\$ 554,799</u>	<u>\$ 169,300</u>	<u>\$ 724,099</u>

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, 2019

	Placid Bay Sanitary District Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 53,245	\$ 58,473	\$ 62,859	\$ 4,386
Revenue from the use of money and property	200	200	1,307	1,107
Charges for services	161,600	161,600	182,228	20,628
Total revenues	<u>\$ 215,045</u>	<u>\$ 220,273</u>	<u>\$ 246,394</u>	<u>\$ 26,121</u>
EXPENDITURES				
Current:				
Community development	\$ -	\$ -	\$ -	\$ -
Capital projects	164,800	469,644	127,074	342,570
Debt service:				
Principal retirement	14,472	14,472	14,472	-
Interest and other fiscal charges	34,680	34,680	34,680	-
Total expenditures	<u>\$ 213,952</u>	<u>\$ 518,796</u>	<u>\$ 176,226</u>	<u>\$ 342,570</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,093</u>	<u>\$ (298,523)</u>	<u>\$ 70,168</u>	<u>\$ 368,691</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ -	\$ -	\$ -	\$ -
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	\$ 1,093	\$ (298,523)	\$ 70,168	\$ 368,691
Fund balances - beginning	(1,093)	298,523	484,631	186,108
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 554,799</u>	<u>\$ 554,799</u>

Glebe Harbor-Cabin Point Sanitary District Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
-	-	-	-
-	-	1,017	1,017
277,300	277,300	277,019	(281)
<u>277,300</u>	<u>277,300</u>	<u>278,036</u>	<u>736</u>
132,429	132,460	117,120	15,340
5,000	100,497	74,332	26,165
60,952	128,592	60,952	67,640
11,690	11,690	11,689	1
<u>210,071</u>	<u>373,239</u>	<u>264,093</u>	<u>109,146</u>
<u>67,229</u>	<u>(95,939)</u>	<u>13,943</u>	<u>109,882</u>
<u>(32,000)</u>	<u>(32,000)</u>	<u>(32,000)</u>	<u>-</u>
<u>(32,000)</u>	<u>(32,000)</u>	<u>(32,000)</u>	<u>-</u>
35,229	(127,939)	(18,057)	109,882
(35,229)	127,939	187,357	59,418
<u>-</u>	<u>-</u>	<u>169,300</u>	<u>169,300</u>

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Nonmajor Debt Service Fund
 For the Year Ended June 30, 2019

	AT Johnson Debt Service Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 160,460	\$ 160,460	\$ 138,867	\$ (21,593)
Charges for services	-	-	-	-
Total revenues	<u>\$ 160,460</u>	<u>\$ 160,460</u>	<u>\$ 138,867</u>	<u>\$ (21,593)</u>
EXPENDITURES				
Debt service:				
Principal retirement	\$ 186,086	\$ 186,085	\$ 186,085	\$ -
Interest and other fiscal charges	6,904	6,905	6,905	-
Total expenditures	<u>\$ 192,990</u>	<u>\$ 192,990</u>	<u>\$ 192,990</u>	<u>\$ -</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (32,530)</u>	<u>\$ (32,530)</u>	<u>\$ (54,123)</u>	<u>\$ (21,593)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ -	\$ -	\$ (57,104)	\$ (57,104)
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (57,104)</u>	<u>\$ (57,104)</u>
Net change in fund balances	\$ (32,530)	\$ (32,530)	\$ (111,227)	\$ (78,697)
Fund balances - beginning	32,530	32,530	111,227	78,697
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Combining Statement of Fiduciary Net Position
 Fiduciary Funds
 June 30, 2019

	<u>Agency Funds</u>		
	<u>Special Welfare</u>	<u>Alternative Education Program</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 37,338	\$ 81,089	\$ 118,427
LIABILITIES			
Accounts payable and accrued liabilities	\$ 28,384	\$ 36,885	\$ 65,269
Amounts held for social services clients	8,954	-	8,954
Amounts held for alternative education program	-	44,204	44,204
Total liabilities	<u>\$ 37,338</u>	<u>\$ 81,089</u>	<u>\$ 118,427</u>

Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 For the Year Ended June 30, 2019

	<u>Balance Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
Special Welfare:				
ASSETS				
Cash and cash equivalents	\$ 29,956	\$ 37,338	\$ 29,956	\$ 37,338
Total assets	<u>\$ 29,956</u>	<u>\$ 37,338</u>	<u>\$ 29,956</u>	<u>\$ 37,338</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$ 27,437	\$ 28,384	\$ 27,437	\$ 28,384
Amounts held for social services clients	2,519	8,954	2,519	8,954
Total liabilities	<u>\$ 29,956</u>	<u>\$ 37,338</u>	<u>\$ 29,956</u>	<u>\$ 37,338</u>
Alternative Education Program:				
ASSETS				
Cash and cash equivalents	\$ 66,733	\$ 312,316	\$ 297,960	\$ 81,089
Total assets	<u>\$ 66,733</u>	<u>\$ 312,316</u>	<u>\$ 297,960</u>	<u>\$ 81,089</u>
LIABILITIES				
Amounts payable and accrued liabilities	\$ 22,388	\$ 36,885	\$ 22,388	\$ 36,885
Amounts held for alternative education program	44,345	275,431	275,572	44,204
Total liabilities	<u>\$ 66,733</u>	<u>\$ 312,316</u>	<u>\$ 297,960</u>	<u>\$ 81,089</u>
Totals - All Agency Funds:				
ASSETS				
Cash and cash equivalents	\$ 96,689	\$ 349,654	\$ 327,916	\$ 118,427
Total assets	<u>\$ 96,689</u>	<u>\$ 349,654</u>	<u>\$ 327,916</u>	<u>\$ 118,427</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$ 49,825	\$ 65,269	\$ 49,825	\$ 65,269
Amounts held for social services clients	2,519	8,954	2,519	8,954
Amounts held for alternative education program	44,345	275,431	275,572	44,204
Total liabilities	<u>\$ 96,689</u>	<u>\$ 349,654</u>	<u>\$ 327,916</u>	<u>\$ 118,427</u>

Combining Balance Sheet
 Discretely Presented Component Unit - School Board
 June 30, 2019

	School Operating Fund	School Cafeteria Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 3,141,286	\$ 216,410	\$ 3,357,696
Receivables (net of allowance for uncollectibles):			
Accounts receivable	1,470	1,668	3,138
Due from other governmental units	636,200	2,168	638,368
Total assets	<u>\$ 3,778,956</u>	<u>\$ 220,246</u>	<u>\$ 3,999,202</u>
LIABILITIES			
Accounts payable	\$ 993,719	\$ 6,627	\$ 1,000,346
Accrued liabilities	1,799,912	39,864	1,839,776
Due to other governmental units	66,371	-	66,371
Total liabilities	<u>\$ 2,860,002</u>	<u>\$ 46,491</u>	<u>\$ 2,906,493</u>
FUND BALANCES:			
Committed - cafeteria	\$ -	\$ 173,755	\$ 173,755
Committed - capital projects	618,499	-	618,499
Unassigned	300,455	-	300,455
Total fund balances	<u>\$ 918,954</u>	<u>\$ 173,755</u>	<u>\$ 1,092,709</u>
Total liabilities and fund balances	<u>\$ 3,778,956</u>	<u>\$ 220,246</u>	<u>\$ 3,999,202</u>

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

Total fund balances per above		\$ 1,092,709
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Land	\$ 258,916	
Construction in progress	2,904,547	
Buildings and systems	5,861,374	
Machinery and equipment	<u>1,847,785</u>	10,872,622
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.		
OPEB related items	(172,394)	
Pension related items	<u>(2,023,404)</u>	(2,195,798)
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds		
Pension related items	2,500,395	
OPEB related items	<u>371,314</u>	2,871,709
Long-term liabilities, are not due and payable in the current period and, therefore, are not reported in the funds.		
Compensated absences	\$ (199,844)	
Accrued interest payable	(16,208)	
Net OPEB liability	(3,426,968)	
Net pension liability	(14,475,791)	
Capital lease	<u>(768,171)</u>	(18,886,982)
Net position of governmental activities		<u>\$ (6,245,740)</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, 2019

	School Operating Fund	School Cafeteria Fund	Total Governmental Funds
REVENUES			
Revenue from the use of money and property	\$ 30,650	\$ 15	\$ 30,665
Charges for services	-	171,942	171,942
Miscellaneous	176,588	39,777	216,365
Intergovernmental:			
Local government	8,684,711	-	8,684,711
Commonwealth	12,017,241	27,368	12,044,609
Federal	1,480,980	847,915	2,328,895
Total revenues	<u>\$ 22,390,170</u>	<u>\$ 1,087,017</u>	<u>\$ 23,477,187</u>
EXPENDITURES			
Current:			
Education	\$ 21,750,161	\$ 1,048,728	\$ 22,798,889
Capital projects	580,009	-	580,009
Debt service:			
Principal retirement	172,816	-	172,816
Interest and other fiscal charges	37,905	-	37,905
Total expenditures	<u>\$ 22,540,891</u>	<u>\$ 1,048,728</u>	<u>\$ 23,589,619</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (150,721)</u>	<u>\$ 38,289</u>	<u>\$ (112,432)</u>
Net change in fund balances	\$ (150,721)	\$ 38,289	\$ (112,432)
Fund balances - beginning	1,069,675	135,466	1,205,141
Fund balances - ending	<u>\$ 918,954</u>	<u>\$ 173,755</u>	<u>\$ 1,092,709</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 \$ (112,432)

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	\$ 1,285,723	
Depreciation expense	<u>(775,103)</u>	510,620

Transfer of joint tenancy assets from Primary Government to the Component Unit 162,000

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 172,816

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

Compensated absences	\$ (17,402)	
OPEB expense	(36,494)	
Pension expense	380,801	
Accrued interest payable	<u>3,647</u>	330,552
Change in net position of governmental activities	<u>\$ 1,063,556</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, 2019

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 33,604	\$ 33,604	\$ 30,650	\$ (2,954)
Charges for services	-	-	-	-
Miscellaneous	153,848	153,848	176,588	22,740
Intergovernmental:				
Local government	8,682,209	8,682,209	8,684,711	2,502
Commonwealth	11,722,090	12,211,654	12,017,241	(194,413)
Federal	1,456,233	1,550,732	1,480,980	(69,752)
Total revenues	\$ 22,047,984	\$ 22,632,047	\$ 22,390,170	\$ (241,877)
EXPENDITURES				
Current:				
Education	\$ 21,996,160	\$ 22,153,238	\$ 21,750,161	\$ 403,077
Capital projects	40,000	580,009	580,009	-
Debt service:				
Principal retirement	172,816	172,816	172,816	-
Interest and other fiscal charges	37,906	37,906	37,905	1
Total expenditures	\$ 22,246,882	\$ 22,943,969	\$ 22,540,891	\$ 403,078
Excess (deficiency) of revenues over (under) expenditures	\$ (198,898)	\$ (311,922)	\$ (150,721)	\$ 161,201
Net change in fund balances	\$ (198,898)	\$ (311,922)	\$ (150,721)	\$ 161,201
Fund balances - beginning	198,898	311,922	1,069,675	757,753
Fund balances - ending	\$ -	\$ -	\$ 918,954	\$ 918,954

Exhibit 41

School Cafeteria Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ 25	\$ 25	\$ 15	\$ (10)
156,000	156,000	171,942	15,942
38,612	38,612	39,777	1,165
-	-	-	-
22,401	22,401	27,368	4,967
725,000	725,000	847,915	122,915
<u>\$ 942,038</u>	<u>\$ 942,038</u>	<u>\$ 1,087,017</u>	<u>\$ 144,979</u>
\$ 1,002,038	\$ 1,002,038	\$ 1,048,728	\$ (46,690)
-	-	-	-
-	-	-	-
<u>\$ 1,002,038</u>	<u>\$ 1,002,038</u>	<u>\$ 1,048,728</u>	<u>\$ (46,690)</u>
\$ (60,000)	\$ (60,000)	\$ 38,289	\$ 98,289
\$ (60,000)	\$ (60,000)	\$ 38,289	\$ 98,289
60,000	60,000	135,466	75,466
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 173,755</u>	<u>\$ 173,755</u>

Supporting Schedules

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2019

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	\$ 14,698,582	\$ 14,698,582	\$ 14,592,473	\$ (106,109)
Real and personal public service corporation taxes	366,900	366,900	404,762	37,862
Personal property taxes	3,871,051	3,871,051	4,006,761	135,710
Mobile home taxes	26,880	26,880	26,639	(241)
Machinery and tools taxes	82,500	82,500	90,619	8,119
Farm machinery and tools taxes	93,750	93,750	100,495	6,745
Merchants capital taxes	38,200	38,200	51,081	12,881
Penalties	213,500	213,500	283,490	69,990
Interest	87,000	87,000	135,004	48,004
Total general property taxes	<u>\$ 19,478,363</u>	<u>\$ 19,478,363</u>	<u>\$ 19,691,324</u>	<u>\$ 212,961</u>
Other local taxes:				
Local sales and use taxes	\$ 779,883	\$ 779,883	\$ 830,126	\$ 50,243
Consumers' utility taxes	326,102	326,102	340,214	14,112
Utility gross receipts taxes	60,000	60,000	67,249	7,249
Motor vehicle licenses	771,500	771,500	819,444	47,944
Bank stock taxes	-	-	-	-
Taxes on recordation and wills	155,000	206,819	206,819	-
E-911 taxes	3,000	3,000	3,600	600
Golf cart decals	50	50	615	565
Total other local taxes	<u>\$ 2,095,535</u>	<u>\$ 2,147,354</u>	<u>\$ 2,268,067</u>	<u>\$ 120,713</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 7,000	\$ 7,000	\$ 6,643	\$ (357)
Permits and other licenses	205,150	255,150	268,437	13,287
Total permits, privilege fees, and regulatory licenses	<u>\$ 212,150</u>	<u>\$ 262,150</u>	<u>\$ 275,080</u>	<u>\$ 12,930</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 135,000	\$ 135,000	\$ 222,405	\$ 87,405
Revenue from use of money and property:				
Revenue from use of money	\$ 80,625	\$ 80,625	\$ 246,710	\$ 166,085
Revenue from use of property	68,837	72,837	96,563	23,726
Total revenue from use of money and property	<u>\$ 149,462</u>	<u>\$ 153,462</u>	<u>\$ 343,273</u>	<u>\$ 189,811</u>
Charges for services:				
Sheriff's fees	\$ 1,500	\$ 1,500	\$ 1,424	\$ (76)
Charges for law enforcement and traffic control	7,600	9,984	10,853	869
Charges for courthouse maintenance	18,000	18,000	20,273	2,273
Charges for court appointed attorney	5,000	5,802	6,357	555
Concealed weapons permits	6,500	6,500	10,042	3,542
Charges for Commonwealth's Attorney	2,000	2,000	2,203	203

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2019 (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	\$ 5,700	\$ 5,700	\$ 4,804	\$ (896)
Charges for animal control	44,888	47,569	47,483	(86)
Charges for sanitation and waste removal	2,050	2,050	2,258	208
Charges for planning and community development	3,800	3,800	6,315	2,515
Total charges for services	<u>\$ 97,038</u>	<u>\$ 102,905</u>	<u>\$ 112,012</u>	<u>\$ 9,107</u>
Miscellaneous:				
Expenditure refunds	\$ 100	\$ 100	\$ 560	\$ 460
Miscellaneous other	51,500	155,963	147,668	(8,295)
Total miscellaneous	<u>\$ 51,600</u>	<u>\$ 156,063</u>	<u>\$ 148,228</u>	<u>\$ (7,835)</u>
Recovered costs:				
Other recovered costs	\$ 447,651	\$ 604,431	\$ 633,392	\$ 28,961
Rescue recovery	635,000	833,040	833,040	-
Total recovered costs	<u>\$ 1,082,651</u>	<u>\$ 1,437,471</u>	<u>\$ 1,466,432</u>	<u>\$ 28,961</u>
Total revenue from local sources	<u>\$ 23,301,799</u>	<u>\$ 23,872,768</u>	<u>\$ 24,526,821</u>	<u>\$ 654,053</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 50	\$ 50	\$ 41	\$ (9)
Mobile home titling tax	16,000	16,000	27,362	11,362
Motor vehicle rental tax	1,600	1,600	2,487	887
State recordation tax	60,899	60,899	72,218	11,319
Tax on deeds	43,000	43,000	67,280	24,280
Communication sales and use taxes	580,000	580,000	539,806	(40,194)
Personal property tax relief funds	1,139,678	1,139,678	1,139,679	1
Total noncategorical aid	<u>\$ 1,841,227</u>	<u>\$ 1,841,227</u>	<u>\$ 1,848,873</u>	<u>\$ 7,646</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 267,224	\$ 267,224	\$ 266,857	\$ (367)
Sheriff	1,036,161	1,036,161	1,036,250	89
Commissioner of revenue	103,770	103,770	104,436	666
Treasurer	97,130	97,130	96,446	(684)
Registrar/electoral board	37,000	37,000	37,500	500
Clerk of the Circuit Court	209,918	209,918	224,505	14,587
Total shared expenses	<u>\$ 1,751,203</u>	<u>\$ 1,751,203</u>	<u>\$ 1,765,994</u>	<u>\$ 14,791</u>

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2019 (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	\$ 626,976	\$ 736,497	\$ 485,512	\$ (250,985)
Four for life	26,400	43,891	47,317	3,426
Litter control grant	7,000	7,293	7,293	-
Recreation grants grant	-	500,000	-	(500,000)
Fire programs	45,226	46,824	46,824	-
Children's Services Act	1,046,250	1,569,375	1,452,019	(117,356)
Criminal justice grants	97,657	99,615	70,882	(28,733)
Emergency services	-	3,500	3,500	-
VJCCA grants	142,000	142,000	141,997	(3)
Go Virginia grants	-	180,000	118,713	(61,287)
Wireless grant	45,000	45,000	64,558	19,558
VDOT revenue sharing	-	350,000	-	(350,000)
Other categorical aid	112,779	205,996	70,054	(135,942)
Total other categorical aid	<u>\$ 2,149,288</u>	<u>\$ 3,929,991</u>	<u>\$ 2,508,669</u>	<u>\$ (1,421,322)</u>
Total categorical aid	<u>\$ 3,900,491</u>	<u>\$ 5,681,194</u>	<u>\$ 4,274,663</u>	<u>\$ (1,406,531)</u>
Total revenue from the Commonwealth	<u>\$ 5,741,718</u>	<u>\$ 7,522,421</u>	<u>\$ 6,123,536</u>	<u>\$ (1,398,885)</u>
Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	\$ 1,400	\$ 1,400	\$ 1,523	\$ 123
Total noncategorical aid	<u>\$ 1,400</u>	<u>\$ 1,400</u>	<u>\$ 1,523</u>	<u>\$ 123</u>
Categorical aid:				
Welfare administration and public assistance	\$ 1,005,794	\$ 1,040,548	\$ 1,159,408	\$ 118,860
Bullet proof vests	-	-	2,712	2,712
Homeland security grant	-	-	13,500	13,500
Byrne justice grant	-	-	55,031	55,031
U.S. fish and wildlife	1,900	1,900	1,787	(113)
DMV grants	-	70,953	44,322	(26,631)
Recreation grant	-	-	71,644	71,644
James Monroe birthplace enhancement	-	-	194,239	194,239
Total categorical aid	<u>\$ 1,007,694</u>	<u>\$ 1,113,401</u>	<u>\$ 1,542,643</u>	<u>\$ 429,242</u>
Total revenue from the federal government	<u>\$ 1,009,094</u>	<u>\$ 1,114,801</u>	<u>\$ 1,544,166</u>	<u>\$ 429,365</u>
Total General Fund	<u>\$ 30,052,611</u>	<u>\$ 32,509,990</u>	<u>\$ 32,194,523</u>	<u>\$ (315,467)</u>
Debt Service Funds:				
AT Johnson Debt Service Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ 160,460	\$ 160,460	\$ 138,867	\$ (21,593)
Total revenue from use of money and property	<u>\$ 160,460</u>	<u>\$ 160,460</u>	<u>\$ 138,867</u>	<u>\$ (21,593)</u>

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2019 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Debt Service Funds: (Continued)				
AT Johnson Debt Service Fund: (Continued)				
Revenue from local sources: (Continued)				
Total revenue from local sources	\$ 160,460	\$ 160,460	\$ 138,867	\$ (21,593)
Total AT Johnson Debt Service Fund	<u>\$ 160,460</u>	<u>\$ 160,460</u>	<u>\$ 138,867</u>	<u>\$ (21,593)</u>
Capital Projects Fund:				
General Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 4,000	\$ 4,000	\$ 26,932	\$ 22,932
Total General Capital Projects Fund	<u>\$ 4,000</u>	<u>\$ 4,000</u>	<u>\$ 26,932</u>	<u>\$ 22,932</u>
Special Revenue Fund:				
Placid Bay Sanitary District Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 50,145	\$ 55,373	\$ 56,073	\$ 700
Penalties	2,050	2,050	4,120	2,070
Interest	1,050	1,050	2,666	1,616
Total general property taxes	<u>\$ 53,245</u>	<u>\$ 58,473</u>	<u>\$ 62,859</u>	<u>\$ 4,386</u>
Revenue from use of money and property:				
Revenue from the use of money	\$ 200	\$ 200	\$ 1,307	\$ 1,107
				-
Charges for services:				
Road maintenance user fees	\$ 161,600	\$ 161,600	\$ 182,228	\$ 20,628
Total Placid Bay Sanitary District Fund	<u>\$ 215,045</u>	<u>\$ 220,273</u>	<u>\$ 246,394</u>	<u>\$ 26,121</u>
Special Revenue Fund:				
Glebe Harbor-Cabin Point Sanitary District Fund:				
Revenue from local sources:				
General property taxes:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 1,017	\$ 1,017
				-
Charges for services:				
Recreational fees	\$ 277,300	\$ 277,300	\$ 277,019	\$ (281)
Total Glebe Harbor-Cabin Point Sanitary District Fund	<u>\$ 277,300</u>	<u>\$ 277,300</u>	<u>\$ 278,036</u>	<u>\$ 736</u>
Total Primary Government	<u>\$ 30,709,416</u>	<u>\$ 33,172,023</u>	<u>\$ 32,884,752</u>	<u>\$ (287,271)</u>
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	\$ 1,500	\$ (382)
Revenue from the use of property	31,722	31,722	29,150	(2,572)
Total revenue from use of money and property	<u>\$ 33,604</u>	<u>\$ 33,604</u>	<u>\$ 30,650</u>	<u>\$ (2,954)</u>
Miscellaneous:				
Expenditure refunds	\$ 153,848	\$ 153,848	\$ 156,270	\$ 2,422
Other miscellaneous	-	-	20,318	20,318
Total miscellaneous	<u>\$ 153,848</u>	<u>\$ 153,848</u>	<u>\$ 176,588</u>	<u>\$ 22,740</u>
Total revenue from local sources	<u>\$ 187,452</u>	<u>\$ 187,452</u>	<u>\$ 207,238</u>	<u>\$ 19,786</u>

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2019 (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	\$ 8,682,209	\$ 8,682,209	\$ 8,684,711	\$ 2,502
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 1,911,645	\$ 1,911,645	\$ 1,956,162	\$ 44,517
Basic school aid	6,233,747	6,583,654	6,571,294	(12,360)
Remedial education	274,918	286,727	278,636	(8,091)
Gifted and talented	37,423	37,423	39,272	1,849
Special education	643,067	643,067	674,835	31,768
Vocational SOQ payments	69,500	81,687	72,933	(8,754)
Social security fringe benefits	246,687	246,687	258,874	12,187
Retirement fringe benefits	544,544	544,544	571,446	26,902
State lottery payments	-	-	291,854	291,854
Early reading intervention	28,115	28,115	28,115	-
At risk payments	468,286	547,101	310,224	(236,877)
Technology	154,000	154,000	154,000	-
Standards of Learning algebra readiness	24,984	24,984	26,637	1,653
K-3 initiatives	323,050	323,050	132,772	(190,278)
Preschool initiative	212,837	212,837	212,837	-
Other state funds	549,287	586,133	437,350	(148,783)
Total categorical aid	<u>\$ 11,722,090</u>	<u>\$ 12,211,654</u>	<u>\$ 12,017,241</u>	<u>\$ (194,413)</u>
Total revenue from the Commonwealth	<u>\$ 11,722,090</u>	<u>\$ 12,211,654</u>	<u>\$ 12,017,241</u>	<u>\$ (194,413)</u>
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 647,043	\$ 678,597	\$ 678,164	\$ (433)
Title VI-B, flow-through	363,184	369,759	369,759	-
Title VI-B, preschool	18,932	19,270	19,270	-
Interest subsidy	97,951	97,951	98,370	419
Title II Part A	87,887	92,809	69,269	(23,540)
Other federal funds	241,236	292,346	246,148	(46,198)
Total categorical aid	<u>\$ 1,456,233</u>	<u>\$ 1,550,732</u>	<u>\$ 1,480,980</u>	<u>\$ (69,752)</u>
Total revenue from the federal government	<u>\$ 1,456,233</u>	<u>\$ 1,550,732</u>	<u>\$ 1,480,980</u>	<u>\$ (69,752)</u>
Total School Operating Fund	<u>\$ 22,047,984</u>	<u>\$ 22,632,047</u>	<u>\$ 22,390,170</u>	<u>\$ (241,877)</u>

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2019 (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	\$ 15	\$ (10)
Charges for services:				
Cafeteria sales	\$ 156,000	\$ 156,000	\$ 171,942	\$ 15,942
Miscellaneous:				
Other miscellaneous	\$ 38,612	\$ 38,612	\$ 39,777	1,165
Total revenue from local sources	\$ 194,637	\$ 194,637	\$ 211,734	\$ 17,097
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 22,401	\$ 22,401	\$ 27,368	\$ 4,967
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 725,000	\$ 725,000	\$ 847,915	\$ 122,915
Total revenue from the federal government	\$ 725,000	\$ 725,000	\$ 847,915	\$ 122,915
Total School Cafeteria Fund	\$ 942,038	\$ 942,038	\$ 1,087,017	\$ 144,979
Total Discretely Presented Component Unit - School Board	\$ 22,990,022	\$ 23,574,085	\$ 23,477,187	\$ (96,898)

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2019

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	\$ 91,080	\$ 91,080	\$ 84,538	\$ 6,542
General and financial administration:				
County administrator	\$ 469,578	\$ 469,578	\$ 454,738	\$ 14,840
County attorney	120,189	142,948	142,948	-
Independent auditor	52,530	52,530	52,150	380
Commissioner of revenue	385,764	385,764	364,431	21,333
Assessor	238,733	238,733	-	238,733
Treasurer	358,078	366,292	352,591	13,701
Accounting	404,441	460,508	448,027	12,481
Data processing	521,070	611,161	494,874	116,287
Risk management	319,611	347,811	333,668	14,143
Dues for local government	5,345	5,345	5,180	165
Total general and financial administration	<u>\$ 2,875,339</u>	<u>\$ 3,080,670</u>	<u>\$ 2,648,607</u>	<u>\$ 432,063</u>
Board of elections:				
Electoral board and officials	\$ 58,254	\$ 58,254	\$ 41,000	\$ 17,254
Registrar	109,853	129,924	124,951	4,973
Total board of elections	<u>\$ 168,107</u>	<u>\$ 188,178</u>	<u>\$ 165,951</u>	<u>\$ 22,227</u>
Total general government administration	<u>\$ 3,134,526</u>	<u>\$ 3,359,928</u>	<u>\$ 2,899,096</u>	<u>\$ 460,832</u>
Judicial administration:				
Courts:				
Circuit court	\$ 24,026	\$ 24,026	\$ 19,293	\$ 4,733
General district court	1,876	1,876	651	1,225
Juvenile and domestic relations district court	1,826	1,826	1,057	769
Clerk of the circuit court	422,773	480,308	446,289	34,019
Victim-witness	97,652	99,610	73,571	26,039
Other	11,200	13,685	13,685	-
Total courts	<u>\$ 559,353</u>	<u>\$ 621,331</u>	<u>\$ 554,546</u>	<u>\$ 66,785</u>
Commonwealth's attorney:				
Commonwealth's attorney	\$ 514,022	\$ 515,090	\$ 489,668	\$ 25,422
Total commonwealth's attorney	<u>\$ 514,022</u>	<u>\$ 515,090</u>	<u>\$ 489,668</u>	<u>\$ 25,422</u>
Total judicial administration	<u>\$ 1,073,375</u>	<u>\$ 1,136,421</u>	<u>\$ 1,044,214</u>	<u>\$ 92,207</u>
Public safety:				
Law enforcement and traffic control:				
Sheriff - law enforcement	\$ 2,427,215	\$ 2,594,027	\$ 2,567,393	\$ 26,634
Other law enforcement and traffic control	10,000	236,549	193,620	42,929
Sheriff - 911 system	696,109	703,804	667,660	36,144
Total law enforcement and traffic control	<u>\$ 3,133,324</u>	<u>\$ 3,534,380</u>	<u>\$ 3,428,673</u>	<u>\$ 105,707</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2019 (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	\$ 605,589	\$ 1,126,591	\$ 601,995	\$ 524,596
Ambulance and rescue services	2,093,464	2,577,320	2,367,363	209,957
Forestry	7,631	7,810	7,810	-
Total fire and rescue services	<u>\$ 2,706,684</u>	<u>\$ 3,711,721</u>	<u>\$ 2,977,168</u>	<u>\$ 734,553</u>
Correction and detention:				
Juvenile and domestic relations court service unit	\$ 96,982	\$ 103,002	\$ 94,807	\$ 8,195
Juvenile commission crime control	142,000	142,000	141,997	3
Total correction and detention	<u>\$ 238,982</u>	<u>\$ 245,002</u>	<u>\$ 236,804</u>	<u>\$ 8,198</u>
Inspections:				
Building	\$ 113,270	\$ 163,920	\$ 107,845	\$ 56,075
Other protection:				
Animal control	\$ 237,599	\$ 270,251	\$ 230,259	\$ 39,992
Medical examiner	300	300	200	100
Emergency management	25,661	60,560	38,238	22,322
Emergency services (civil defense)	179,271	229,273	167,433	61,840
Emergency services grant	111,579	111,579	110,540	1,039
Total other protection	<u>\$ 554,410</u>	<u>\$ 671,963</u>	<u>\$ 546,670</u>	<u>\$ 125,293</u>
Total public safety	<u>\$ 6,746,670</u>	<u>\$ 8,326,986</u>	<u>\$ 7,297,160</u>	<u>\$ 1,029,826</u>
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Highways, streets, bridges and sidewalks	\$ 12,500	\$ 12,500	\$ 12,069	\$ 431
Sanitation and waste removal:				
Refuse collection	\$ 589,930	\$ 590,420	\$ 590,420	-
Refuse disposal	1,301,100	1,300,610	1,268,470	32,140
Total sanitation and waste removal	<u>\$ 1,891,030</u>	<u>\$ 1,891,030</u>	<u>\$ 1,858,890</u>	<u>\$ 32,140</u>
Maintenance of general buildings and grounds:				
General properties	\$ 1,058,708	\$ 1,392,910	\$ 1,327,191	\$ 65,719
Total public works	<u>\$ 2,962,238</u>	<u>\$ 3,296,440</u>	<u>\$ 3,198,150</u>	<u>\$ 98,290</u>
Health and welfare:				
Health:				
Local health department	\$ 209,465	\$ 209,465	\$ 200,752	\$ 8,713
Mental health and mental retardation:				
Contribution to Chapter X Board	\$ 66,711	\$ 66,711	\$ 66,711	-
Welfare:				
Welfare administration	\$ 1,883,984	\$ 2,009,048	\$ 1,869,128	\$ 139,920
Public assistance	345,817	413,785	289,386	124,399
Comprehensive Services Act	1,526,474	2,276,592	2,170,203	106,389
Total welfare	<u>\$ 3,756,275</u>	<u>\$ 4,699,425</u>	<u>\$ 4,328,717</u>	<u>\$ 370,708</u>
Total health and welfare	<u>\$ 4,032,451</u>	<u>\$ 4,975,601</u>	<u>\$ 4,596,180</u>	<u>\$ 379,421</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2019 (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	\$ 8,742,209	\$ 8,684,711	\$ 8,684,711	\$ -
Contributions to community college	10,710	10,710	10,710	-
Total education	<u>\$ 8,752,919</u>	<u>\$ 8,695,421</u>	<u>\$ 8,695,421</u>	<u>\$ -</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Public landings	\$ 500	\$ 504	\$ 504	\$ -
Total parks and recreation	<u>\$ 500</u>	<u>\$ 504</u>	<u>\$ 504</u>	<u>\$ -</u>
Cultural enrichment:				
Westmoreland museum	\$ 33,763	\$ 33,763	\$ 33,763	\$ -
Total cultural enrichment	<u>33,763</u>	<u>33,763</u>	<u>33,763</u>	<u>-</u>
Library:				
Contribution to regional library	\$ 453,004	\$ 453,004	\$ 452,868	\$ 136
Total parks, recreation, and cultural	<u>\$ 487,267</u>	<u>\$ 487,271</u>	<u>\$ 487,135</u>	<u>\$ 136</u>
Community development:				
Planning and community development:				
Planning	\$ 378,286	\$ 378,794	\$ 369,848	\$ 8,946
Community development	53,850	53,850	53,850	-
Northern Neck Planning Commission	26,500	26,500	26,500	-
Planning District Commission	9,000	7,000	3,673	3,327
Zoning board	2,600	2,740	2,316	424
Wetlands board	5,750	6,960	5,778	1,182
Housing assistance	-	2,432	-	2,432
Tourism	44,892	60,531	6,844	53,687
Industrial Development Authority	10,500	46,290	45,790	500
Go Virginia programs	-	309,500	223,655	85,845
Total planning and community development	<u>\$ 531,378</u>	<u>\$ 894,597</u>	<u>\$ 738,254</u>	<u>\$ 156,343</u>
Environmental management:				
Contribution to soil and water conservation district	\$ 16,000	\$ 16,000	\$ 16,000	\$ -
Litter control	7,000	7,293	6,978	315
Total environmental management	<u>\$ 23,000</u>	<u>\$ 23,293</u>	<u>\$ 22,978</u>	<u>\$ 315</u>
Cooperative extension program:				
Cooperative extension program	\$ 46,966	\$ 47,766	\$ 43,420	\$ 4,346
Total cooperative extension program	<u>\$ 46,966</u>	<u>\$ 47,766</u>	<u>\$ 43,420</u>	<u>\$ 4,346</u>
Total community development	<u>\$ 601,344</u>	<u>\$ 965,656</u>	<u>\$ 804,652</u>	<u>\$ 161,004</u>
Nondepartmental:				
Other nondepartmental	\$ 176,657	\$ 178,157	\$ 178,157	\$ -

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2019 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Capital projects:				
School water system	\$ -	\$ 51,200	\$ 50,000	\$ 1,200
Radio system	-	4,591,479	2,799,950	1,791,529
James Monroe birthplace	-	278,116	278,431	(315)
VDOT revenue sharing program	7,049	195,093	-	195,093
Cople district substation building	-	70,349	70,349	-
Recreational complex	281,777	1,840,728	206,169	1,634,559
Financial software replacement	-	379,730	-	379,730
Bus access road	-	21,000	10,688	10,312
Other capital projects	51,905	693,313	-	693,313
Total capital projects	<u>\$ 340,731</u>	<u>\$ 8,121,008</u>	<u>\$ 3,415,587</u>	<u>\$ 4,705,421</u>
Debt service:				
Principal retirement	\$ 954,375	\$ 954,375	\$ 954,375	\$ -
Interest and other fiscal charges	470,945	470,945	470,944	1
Total debt service	<u>\$ 1,425,320</u>	<u>\$ 1,425,320</u>	<u>\$ 1,425,319</u>	<u>\$ 1</u>
Total General Fund	<u>\$ 29,733,498</u>	<u>\$ 40,968,209</u>	<u>\$ 34,041,071</u>	<u>\$ 6,927,138</u>
Debt Service Fund:				
AT Johnson Debt Service Fund:				
Debt service:				
Principal retirement	\$ 186,086	\$ 186,085	\$ 186,085	\$ -
Interest and other fiscal charges	6,904	6,905	6,905	-
Total AT Johnson Debt Service Fund	<u>\$ 192,990</u>	<u>\$ 192,990</u>	<u>\$ 192,990</u>	<u>\$ -</u>
Capital Projects Fund:				
General Capital Projects Fund:				
Capital projects expenditures:				
Other capital projects	\$ 50,500	\$ 501,679	\$ 4,718	\$ 496,961
Debt service:				
Principal retirement	\$ 74,904	\$ 74,904	\$ 74,904	\$ -
Interest and other fiscal charges	2,779	2,779	2,779	-
Total debt service	<u>\$ 77,683</u>	<u>\$ 77,683</u>	<u>\$ 77,683</u>	<u>\$ -</u>
Total General Capital Projects Fund	<u>\$ 128,183</u>	<u>\$ 579,362</u>	<u>\$ 82,401</u>	<u>\$ 496,961</u>
Special Revenue Fund:				
Placid Bay Sanitation District Fund:				
Roads projects	\$ 164,800	\$ 469,644	\$ 127,074	\$ 342,570
Debt service:				
Principal retirement	\$ 14,472	\$ 14,472	\$ 14,472	\$ -
Interest and other fiscal charges	34,680	34,680	34,680	-
Total debt service	<u>\$ 49,152</u>	<u>\$ 49,152</u>	<u>\$ 49,152</u>	<u>\$ -</u>
Total Placid Bay Sanitation District Fund	<u>\$ 213,952</u>	<u>\$ 518,796</u>	<u>\$ 176,226</u>	<u>\$ 342,570</u>
Glebe Harbor-Cabin Point Sanitary District Fund:				
Community development:				
Glebe Harbor-Cabin Point sanitary district	\$ 132,429	\$ 132,460	\$ 117,120	\$ 15,340
Capital projects:				
Dredging and beach projects	\$ -	\$ 21,165	\$ -	\$ 21,165
Pool refurbishment	-	74,332	74,332	-
Other	5,000	5,000	-	5,000
Total capital projects	<u>\$ 5,000</u>	<u>\$ 100,497</u>	<u>\$ 74,332</u>	<u>\$ 26,165</u>
Debt service:				
Principal retirement	\$ 60,952	\$ 128,592	\$ 60,952	\$ 67,640
Interest and other fiscal charges	11,690	11,690	11,689	1
Total debt service	<u>\$ 72,642</u>	<u>\$ 140,282</u>	<u>\$ 72,641</u>	<u>\$ 67,641</u>
Total Glebe Harbor-Cabin Point Sanitary District Fund	<u>\$ 210,071</u>	<u>\$ 373,239</u>	<u>\$ 264,093</u>	<u>\$ 109,146</u>
Total Primary Government	<u>\$ 30,478,694</u>	<u>\$ 42,632,596</u>	<u>\$ 34,756,781</u>	<u>\$ 7,875,815</u>

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2019 (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	\$ 13,009,981	\$ 12,898,224	\$ 12,613,138	\$ 285,086
Guidance services	649,884	537,132	524,589	12,543
Social worker services	57,915	57,915	57,869	46
Homebound instruction	16,148	17,291	15,268	2,023
Improvement of instruction	142,000	224,361	231,026	(6,665)
Media services	339,041	339,528	328,765	10,763
Office of the principal	1,041,137	1,086,012	1,071,157	14,855
Total instruction costs	<u>\$ 15,256,106</u>	<u>\$ 15,160,463</u>	<u>\$ 14,841,812</u>	<u>\$ 318,651</u>
Administration, attendance, and health:				
Board services	\$ 61,604	\$ 56,983	\$ 48,903	\$ 8,080
Executive administration	675,121	718,760	707,750	11,010
Fiscal services	214,215	221,379	224,481	(3,102)
Health services	185,426	192,972	189,705	3,267
Psychologist services	103,880	106,051	102,261	3,790
Attendance and health services	57,752	87,686	86,375	1,311
Total administration, attendance, and health	<u>\$ 1,297,998</u>	<u>\$ 1,383,831</u>	<u>\$ 1,359,475</u>	<u>\$ 24,356</u>
Operating costs:				
Pupil transportation	\$ 1,975,769	\$ 2,084,950	\$ 2,071,640	\$ 13,310
Operation and maintenance of school plant	1,634,305	1,698,217	1,687,852	10,365
Operation and maintenance - vehicle services	10,000	21,902	21,902	-
Facilities	777,000	705,714	705,714	-
Technology	1,044,982	1,098,161	1,061,766	36,395
Total operating costs	<u>\$ 5,442,056</u>	<u>\$ 5,608,944</u>	<u>\$ 5,548,874</u>	<u>\$ 60,070</u>
Total education	<u>\$ 21,996,160</u>	<u>\$ 22,153,238</u>	<u>\$ 21,750,161</u>	<u>\$ 403,077</u>
Capital projects:				
School capital projects	<u>\$ 40,000</u>	<u>\$ 580,009</u>	<u>\$ 580,009</u>	<u>\$ -</u>
Debt service:				
Principal retirement	\$ 172,816	\$ 172,816	\$ 172,816	\$ -
Interest and other fiscal charges	37,906	37,906	37,905	1
Total debt service	<u>\$ 210,722</u>	<u>\$ 210,722</u>	<u>\$ 210,721</u>	<u>\$ 1</u>
Total School Operating Fund	<u>\$ 22,246,882</u>	<u>\$ 22,943,969</u>	<u>\$ 22,540,891</u>	<u>\$ 403,078</u>
Special Revenue Fund:				
School Cafeteria Fund:				
Education:				
School food services:				
Food services	<u>\$ 1,002,038</u>	<u>\$ 1,002,038</u>	<u>\$ 1,048,728</u>	<u>\$ (46,690)</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 23,248,920</u>	<u>\$ 23,946,007</u>	<u>\$ 23,589,619</u>	<u>\$ 356,388</u>

Statistical Information

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
2010	\$ 2,152,355	\$ 882,825	\$ 4,100,518	\$ 4,181,907	\$ 3,479,544	\$ 7,172,995	\$ 531,032	\$ 676,913	\$ 357,319	\$ 1,545,593	\$ 25,081,001
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

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 Contributions	Capital Grants and Contributions	General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs			
2010	\$ 1,369,318	\$ 4,490,855	\$ 1,271,784	\$ 13,996,800	\$ 1,756,532	\$ 397,181	\$ 2,642,087	\$ 1,938,603	\$ -	\$ 27,863,160	
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	

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
2010	\$ 13,882,214	\$ 1,756,532	\$ 247,734	\$ 117,645	\$ 385,746	\$ 331,088	\$ 3,011,763	\$ 749,569	\$ 17,116,895	\$ 37,599,186
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

(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
2010	\$ 2,060,753	\$ 877,830	\$ 4,585,658	\$ 2,878,497	\$ 3,380,986	\$ 18,138,812	\$ 515,150	\$ 514,554	\$ 131,460	\$ 1,564,482	\$ 34,648,182
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

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

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

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy	(2) Current Tax Collections	Percent of Levy Collected	(1) Delinquent Tax Collections	(2) Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1)	Percent of Delinquent Taxes to Tax Levy
2010	\$ 14,926,605	\$ 14,462,888	96.89%	\$ 259,884	\$ 14,722,772	98.63%	\$ 791,771	5.30%
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%

(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.

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
2010	\$ 2,223,288,450	\$ 147,214,970	\$ 6,671,900	\$ 6,686,780	\$ 12,486,540	\$ 48,805,697	\$ 2,445,154,337
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

(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
2010	\$ 0.50	\$ 3.00	\$ 1.50	\$ 1.25	0.50
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

(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)			
2010	17,515	\$ 2,445,154,337	\$ 10,324,554	\$ 561,771	\$ 6,111,110	\$ 3,651,673	0.15%	\$ 208
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

(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
2010	\$ 930,089	\$ 345,142	\$ 1,275,231	\$ 34,648,182	3.68%
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%

(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, 2019, 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 31, 2019.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of County of Westmoreland, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of County of Westmoreland, Virginia's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2019-001 that we consider to be material weaknesses.

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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

County of Westmoreland, Virginia's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and 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 31, 2019



**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, 2019.

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 31, 2019

COUNTY OF WESTMORELAND, VIRGINIA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
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	0760119/0760118	\$ 32,358
Total CCDF Cluster			<u>\$ 32,358</u>
TANF Cluster:			
Temporary Assistance for Needy Families (TANF)	93.558	0400118/0400119	\$ 190,231
Total TANF Cluster			<u>\$ 190,231</u>
Medicaid Cluster:			
Medical Assistance Program	93.778	1200119/1200118	\$ 300,931
Total Medicaid Cluster			<u>\$ 300,931</u>
Adoption and Legal Guardianship Incentive Payments	93.603	1130117	3,000
Promoting Safe and Stable Families	93.556	0950118/0950117	16,294
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	0500119/0500118	78
Low-Income Home Energy Assistance	93.568	0600419/0600418	29,480
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900118	204
Foster Care Title IV-E	93.658	1100119/1100118	126,873
Adoption Assistance	93.659	1120119/1120118	50,841
Social Services Block Grant	93.667	1000119/1000118	128,326
Chafee Foster Care Independence Program	93.674	9150118	1,959
Children's Health Insurance Program	93.767	0540119/0540118	6,410
Total Department of Health and Human Services			<u>\$ 886,985</u>
Department of Agriculture:			
Pass Through Payments:			
Department of Agriculture:			
Child Nutrition Cluster:			
Food Distribution - National School Lunch Program	10.555	201919N109941	\$ 61,697
National School Lunch Program	10.555	201818N109941/ 201919N109941/	472,332
Total 10.555			<u>\$ 534,029</u>
School Breakfast Program	10.553	201818N109941/ 201919N109941/	\$ 254,361
Summer Food Service Program for Children	10.559	201818N109941	16,136
Food Distribution - Summer Food Service Program for Children	10.559	201919N109941	2,848
Total 10.559			<u>\$ 18,984</u>
Total Child Nutrition Cluster			<u>\$ 807,374</u>
Child and Adult Care Food Program	10.558	201818N109941/ 201817N202041 201919N109941/	\$ 40,541
Department of Social Services:			
SNAP Cluster:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0040119/0040118 0010119/0010118	\$ 268,963
Total SNAP Cluster			<u>\$ 268,963</u>
Total Department of Agriculture			<u>\$ 1,116,878</u>
Department of Homeland Security:			
Direct Payments:			
Emergency Food and Shelter National Board Program	97.024	N/A	\$ 3,460
Pass Through Payments:			
Department of Emergency Management:			
Homeland Security Grant Program	97.067	114373	13,500
Total Department of Homeland Security			<u>\$ 16,960</u>

COUNTY OF WESTMORELAND, VIRGINIA

Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2019

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of the Interior:			
Direct payments:			
Bureau of Land Management:			
National Wildlife Refuge Fund	15.659	N/A	\$ <u>1,787</u>
Pass Through Payments:			
Virginia Department of Conservation and Recreation:			
Outdoor Recreation Acquisition, Development and Planning	15.916	P17AP00571	<u>71,644</u>
Total Department of the Interior			\$ <u>73,431</u>
Department of Justice:			
Pass Through Payments:			
Virginia Department of Criminal Justice:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	CJS81015	2,712
Crime Victim Assistance	16.575	CJS5601701/CJS7601601	<u>55,031</u>
Total Department of Justice			\$ <u>57,743</u>
Department of Transportation:			
Pass Through Payments:			
Virginia Department of Transportation:			
Highway Planning and Construction Cluster:			
Highway Planning and Construction	20.205	103582	\$ <u>194,239</u>
Total Highway Planning and Construction Cluster			\$ <u>194,239</u>
Department of Motor Vehicles:			
Highway Safety Cluster:			
National Priority Safety Programs	20.616	FM2HVE-18-58172	1,310
State and Community Highway Safety	20.600	FSC-18-58191/FSC-19-59244 FOP-19-59240	<u>11,424</u>
Total Highway Safety Cluster			\$ <u>12,734</u>
Alcohol Open Container Requirements	20.607	154AL-18-58204/ 154AL-19-59248	<u>31,588</u>
Total Department of Transportation			\$ <u>238,561</u>
Department of Education:			
Pass Through Payments:			
Virginia Tech:			
English Language Acquisition State Grants	84.365	Not Available	\$ <u>7,481</u>
Virginia Council of Higher Education:			
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	Not Available	41,770
Department of Education:			
Title I Grants to Local Educational Agencies	84.010	S010A170046/ S010A180046	678,164
Special Education Cluster (IDEA):			
Special Education Grants to States	84.027	H027A180107/ H027A170107	369,759
Special Education Preschool Grants	84.173	H173A180112	<u>19,270</u>
Total Special Education Cluster			\$ <u>389,029</u>
Migrant Education State Grant Program	84.011	S011A180047/ S011A170047	82,686
Career and Technical Education - Basic Grants to States	84.048	V048A170046/ V048A180046	31,488
Migrant Education Coordination Program	84.144	S144F170047	11,803
Student Support and Academic Enrichment Program	84.424	S424A170048/ S424A180048	40,665
Rural Education	84.358	S358B180046/ S358B170046	30,255
Supporting Effective Instruction State Grants	84.367	S367A180044/ S367A170044	69,269
Total Department of Education			\$ <u>1,382,610</u>
Total Expenditures of Federal Awards			\$ <u><u>3,773,168</u></u>

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, 2019

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, 2019. 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% di minimis indirect cost rate.

(3) The County did not pass any federal awards through to sub-recipients during the year ended June 30, 2019.

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	\$	1,544,166
Less: Payments in Lieu of Taxes		(1,523)
Total primary government	\$	<u>1,542,643</u>

Component Unit School Board:

School Operating Fund	\$	1,480,980
School Cafeteria Fund		847,915
Total Component Unit School Board	\$	<u>2,328,895</u>

Total expenditures of federal awards per basic financial statements	\$	<u>3,871,538</u>
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Less: Interest Subsidy	\$	<u>(98,370)</u>
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Total expenditures of federal awards per the Schedule of Expenditures of Federal Awards	\$	<u><u>3,773,168</u></u>
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COUNTY OF WESTMORELAND, VIRGINIA

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) reported?	No
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) reported?	No
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR, Section 200.516 (a)?	No

Identification of major programs:

<u>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
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

SECTION II – FINANCIAL STATEMENT FINDINGS:

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

Criteria: The Virginia Appropriation Act states that any sum of local matching funds for Lottery and Incentive program which a locality has not expended as of the end of a fiscal year in support of the required local match pursuant to this Item shall be paid by the locality into the general fund of the state treasury unless the carryover of those unspent funds is specifically permitted by other provisions of this act. The proper tracking of local matching funds expended in the automated accounting system is a critical internal control to avoid the need to remit funds back to the State.

Condition: The School Board did not expend the required local match for incentive and lottery funded programs for the year ended June 30, 2019.

Cause: Internal controls over the process of tracking the local matching funds expended were not operating effectively. This was a contributing factor in the School Board not expending the required local match for incentive and lottery funded programs for the year ended June 30, 2019.

Effect: The School Board was required to remit \$335,854.82 back to the State of Virginia representing unspent State funds.

Recommendation:

The School Board should make improvements in internal controls related to the process of tracking the local matching funds expended to ensure that the required local match for incentive and lottery funded programs are expended, when appropriate.

Management Response: The School Board is taking steps to address this item including obtaining additional training for staff. In addition, changes are being made to the process of monitoring the budget within the automated accounting system.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS:

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

SECTION IV – PRIOR AUDIT FINDINGS:

There are prior audit findings.