

COUNTY OF SUSSEX, VIRGINIA



ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2020

COUNTY OF SUSSEX, VIRGINIA

ANNUAL FINANCIAL REPORT

FOR THE YEAR
ENDED JUNE 30, 2020

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COUNTY OF SUSSEX, VIRGINIA

Board of Supervisors

Susan B. Seward, Chairperson
Wayne O. Jones, Vice Chairperson
Debbie P. Jones

Marian D. Johnson
C. Eric Fly, Sr.
Rufus E. Tyler

Department of Social Services

Cynthia Pegram-Wyche, Chairperson
Mae K. Mason, Vice Chairperson
Jannette Green

Gayle Bain
Debbie Jones
Evelyn P. Giles

County School Board

Marvin Morris, Jr., Chairperson
Laurie S. Latham, Vice Chairperson
Doris C. Hamlin

Gloria S. Holloman
Linda J. Skipper
Terry A. Massenburg

Other Officials

County Administrator	Vandy V. Jones, III
Director of Social Services	Bertha H. Judge
Superintendent of Schools	Dr. Arthur Jarrett, Jr.
Treasurer	Deste J. Cox
Commissioner of the Revenue	Ellen G. Boone
Commonwealth's Attorney	Lyndia Person-Ramsey
Sheriff	Earnest L. Giles, Sr.
Clerk of the Circuit Court	Gary M. Williams
Judge of the Circuit Court	W. Allan Sharrett
Judge of the General District Court	Stephen D. Bloom
Judge of the Juvenile and Domestic Relations Court	Jacqueline R. Waymack

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Independent Auditors' Report

To the Honorable Members of the Board of Supervisors
County of Sussex
Sussex, Virginia

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of County of Sussex, Virginia, as of June 30, 2020, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 4-10, 76, and 77-94 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise County of Sussex, 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* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2020, on our consideration of County of Sussex, 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 Sussex, 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 Sussex, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Richmond, Virginia
November 23, 2020

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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

As management of the County of Sussex, Virginia we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2020. Please read it in conjunction with the County's basic financial statements, which follow this section.

Financial Highlights

Government-wide Financial Statements

- < 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 \$45,198,157 (net position).

Fund Financial Statements

The Governmental Funds, on a current financial resource basis, reported revenues and other financing sources in excess of expenditures and other financing uses of \$447,253 (Exhibit 5) after making contributions totaling \$8,199,105 to the School Board.

- < As of the close of the current fiscal year; the County's funds reported ending fund balances of \$16,369,827, an increase of \$447,253 in comparison with the prior year.
- < At the end of the current fiscal year, unassigned fund balance for the general fund was \$6,317,464, or 23% of total general fund expenditures and other uses.
- < The combined long-term obligations decreased \$1,311,186 during the current fiscal year.

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Overview of the Financial Statements

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

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

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

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

The statement of net position presents information on all of the County's assets/deferred outflows of resources and liabilities/deferred inflows of resources, with the difference between the two 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 Sussex, Virginia itself (known as the primary government), but also a legally separate school district for which the County of Sussex, Virginia is financially accountable. Financial information for the component unit is reported separately from the financial information presented for the primary government itself.

Fund financial statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County of Sussex, 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 two categories: governmental funds and fiduciary funds.

Overview of the Financial Statements (Continued)

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

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.

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

Other information - In addition to the basic financial statement and accompanying notes, this report also presents certain required supplementary information for the general fund's budgetary comparison schedule and schedules of pension and OPEB funding. Other supplementary information includes budgetary comparison schedules for other funds, combining statements for agency funds, and combining financial statements for the discretely presented component unit - School Board. The School Board does not issue separate financial statements.

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Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a County's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$45,198,157 at the close of the most recent fiscal year. The following table summarizes the County's Statement of Net Position:

County of Sussex, Virginia's Net Position

	Governmental Activities	
	2020	2019
Current and other assets	\$ 17,906,026	\$ 16,851,901
Restricted assets	2,638,624	2,410,430
Capital assets	42,215,209	43,574,947
Total assets	\$ 62,759,859	\$ 62,837,278
Deferred outflows of resources	\$ 923,831	\$ 385,246
Current liabilities	\$ 1,585,927	\$ 474,384
Long-term liabilities outstanding	15,651,882	16,963,068
Total liabilities	\$ 17,237,809	\$ 17,437,452
Deferred inflows of resources	\$ 1,247,724	\$ 1,967,038
Net investment in capital assets	\$ 30,464,822	\$ 30,420,863
Restricted for debt service bond covenants	2,638,624	2,410,430
Unrestricted	12,094,711	10,986,741
Total net position	\$ 45,198,157	\$ 43,818,034

Government-wide Financial Analysis (Continued)

The County's net position increased by \$1,380,123 during the current fiscal year. The following table summarizes the County's Statement of Activities:

County of Sussex, Virginia's Changes in Net Position			
	Governmental Activities		
	2020	2019	
Charges for services	\$ 7,223,608	\$ 9,667,070	
Operating grants and contributions	4,895,958	4,480,861	
Capital grants and contributions	523,375	18,180	
General property taxes	9,771,362	9,570,885	
Other local taxes	1,360,220	1,356,724	
Grants and other contributions not restricted	1,464,113	1,549,485	
Other general revenues	561,262	451,972	
Total revenues	\$ 25,799,898	\$ 27,095,177	
General government administration	\$ 2,044,817	\$ 1,871,482	
Judicial administration	1,296,189	1,197,149	
Public safety	5,996,341	5,546,426	
Public works	646,540	880,182	
Health and welfare	2,669,402	2,381,879	
Education	9,548,046	9,120,134	
Parks, recreation, and cultural	265,466	197,083	
Community development	1,686,283	1,334,097	
Interest and other fiscal charges	266,691	320,196	
Total expenses	\$ 24,419,775	\$ 22,848,628	
Change in net position	\$ 1,380,123	\$ 4,246,549	
Net position, beginning of year	43,818,034	39,571,485	
Net position, end of year	\$ 45,198,157	\$ 43,818,034	

Financial Analysis of the County's Funds

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

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

As of the end of the current fiscal year, the County's governmental funds reported fund balances of \$16,369,827, an increase of \$447,253 in comparison with the prior year. Approximately 34% of this total amount constitutes unassigned General Fund balance, which is available for spending at the County's discretion.

The County Capital Projects Fund accounts for all major general public improvements. At the end of the fiscal year, the fund balance was \$9,928,296. \$2,638,624 of this was restricted for debt, while \$7,289,672 was committed to current or future capital projects.

General Fund Budgetary Highlights

During the year, budgetary estimates exceeded revenues and other financing sources by \$15,115. Expenditures and other financing uses exceeded budgetary estimates by \$1,117,779. The combination of the two resulted in a negative variance of \$1,132,894.

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 \$42,215,209 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, and machinery and equipment.

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

Long-term debt - At the end of the current fiscal year, the County had total debt outstanding of \$11,210,057, all of which is debt backed by the full faith and credit of the County.

The County's total debt decreased by \$1,311,397 during the current fiscal year.

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

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Economic Factors and Next Year's Budgets and Rates

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

These factors were considered in preparing the County's budget for the 2021 fiscal year.

The fiscal year 2021 General Fund budget decreased by approximately one percent. All property tax rates remained the same.

Requests for Information

This financial report is designed to provide a general overview of the County of Sussex, 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 1397, Sussex, Virginia 23884.

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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County of Sussex, Virginia
Statement of Net Position
June 30, 2020

	Primary Government Governmental Activities	Component Unit School Board
ASSETS		
Cash and cash equivalents	\$ 12,449,390	\$ 2,819,734
Receivables (net of allowance for uncollectibles):		
Taxes receivable	648,418	-
Accounts receivable	581,419	3,821
Due from other governmental units	2,045,217	741,995
Prepaid items	-	125,726
Restricted assets:		
Bond sinking funds	2,638,624	-
Net pension asset	2,181,582	264,858
Capital assets (net of accumulated depreciation):		
Land	10,530,331	110,993
Buildings and improvements	15,618,969	18,310,654
Machinery and equipment	5,698,883	906,317
Construction in progress	10,367,026	-
Total assets	<u>\$ 62,759,859</u>	<u>\$ 23,284,098</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension related items	\$ 769,229	\$ 2,748,965
OPEB related items	154,602	324,648
Total deferred outflows of resources	<u>\$ 923,831</u>	<u>\$ 3,073,613</u>
LIABILITIES		
Accounts payable	\$ 429,662	\$ 143,921
Accrued liabilities	-	1,339,613
Accrued interest payable	158,545	-
Due to other governmental units	-	1,220,849
Unearned revenue	997,720	681,107
Long-term liabilities:		
Due within one year	2,120,391	120,496
Due in more than one year	13,531,491	15,698,997
Total liabilities	<u>\$ 17,237,809</u>	<u>\$ 19,204,983</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred revenue - property taxes	\$ 37,606	\$ -
Pension related items	1,121,278	1,686,973
OPEB related items	88,840	543,758
Total deferred inflows of resources	<u>\$ 1,247,724</u>	<u>\$ 2,230,731</u>
NET POSITION		
Net investment in capital assets	\$ 30,464,822	\$ 19,327,964
Restricted:		
Debt service and bond covenants	2,638,624	-
Unrestricted (deficit)	12,094,711	(13,989,548)
Total net position	<u>\$ 45,198,157</u>	<u>\$ 5,338,416</u>

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

County of Sussex, Virginia
Statement of Activities
For the Year Ended June 30, 2020

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	<u>Expenses</u>	Charges for <u>Services</u>	Operating Grants and <u>Contributions</u>	Capital Grants and <u>Contributions</u>	Primary	Component	<u>School Board</u>
					Governmental	Unit	
					<u>Activities</u>		
PRIMARY GOVERNMENT:							
Governmental activities:							
General government administration	\$ 2,044,817	\$ -	\$ 239,169	\$ -	\$ (1,805,648)	\$ -	-
Judicial administration	1,296,189	1,044,092	488,240	-	236,143	-	-
Public safety	5,996,341	193,297	1,705,847	-	(4,097,197)	-	-
Public works	646,540	5,976,642	4,693	-	5,334,795	-	-
Health and welfare	2,669,402	-	2,029,260	-	(640,142)	-	-
Education	9,548,046	-	-	-	(9,548,046)	-	-
Parks, recreation, and cultural	265,466	-	-	-	(265,466)	-	-
Community development	1,686,283	9,577	428,749	523,375	(724,582)	-	-
Interest on long-term debt	266,691	-	-	-	(266,691)	-	-
Total governmental activities	\$ 24,419,775	\$ 7,223,608	\$ 4,895,958	\$ 523,375	\$ (11,776,834)	\$ -	-
Total primary government	\$ 24,419,775	\$ 7,223,608	\$ 4,895,958	\$ 523,375	\$ (11,776,834)	\$ -	-
COMPONENT UNIT:							
School Board	\$ 19,145,168	\$ 112,591	\$ 10,518,870	\$ -	\$ -	\$ (8,513,707)	-
Total component unit	\$ 19,145,168	\$ 112,591	\$ 10,518,870	\$ -	\$ -	\$ (8,513,707)	-
General revenues:							
General property taxes					\$ 9,771,362	\$ -	-
Local sales tax					929,808	-	-
Motor vehicle licenses					222,586	-	-
Other local taxes					207,826	-	-
Unrestricted revenues from use of money and property					279,853	2,239	-
Miscellaneous					281,409	98,681	-
Grants and contributions not restricted to specific programs					1,464,113	-	-
Payment from Sussex County					-	9,105,061	-
Total general revenues					\$ 13,156,957	\$ 9,205,981	-
Change in net position					\$ 1,380,123	\$ 692,274	-
Net position - beginning					43,818,034	4,205,621	-
Net position - ending					\$ 45,198,157	\$ 4,897,895	-

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

FUND FINANCIAL STATEMENTS

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County of Sussex, Virginia
Balance Sheet
Governmental Funds
June 30, 2020

	<u>General</u>	<u>County Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 5,122,982	\$ 7,281,957	\$ 44,451	\$ 12,449,390
Receivables (net of allowance for uncollectibles):				
Taxes receivable	648,418	-	-	648,418
Accounts receivable	573,691	7,715	13	581,419
Due from other governmental units	2,045,217	-	-	2,045,217
Restricted assets:				
Bond sinking funds	-	2,638,624	-	2,638,624
Total assets	<u>\$ 8,390,308</u>	<u>\$ 9,928,296</u>	<u>\$ 44,464</u>	<u>\$ 18,363,068</u>
LIABILITIES				
Accounts payable	\$ 429,662	\$ -	\$ -	\$ 429,662
Unearned revenue	997,720	-	-	997,720
Total liabilities	<u>\$ 1,427,382</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,427,382</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	\$ 565,859	\$ -	\$ -	\$ 565,859
Total deferred inflows of resources	<u>\$ 565,859</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 565,859</u>
FUND BALANCES				
Restricted	\$ -	\$ 2,638,624	\$ -	\$ 2,638,624
Committed	79,603	7,289,672	44,464	7,413,739
Unassigned	6,317,464	-	-	6,317,464
Total fund balances	<u>\$ 6,397,067</u>	<u>\$ 9,928,296</u>	<u>\$ 44,464</u>	<u>\$ 16,369,827</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 8,390,308</u>	<u>\$ 9,928,296</u>	<u>\$ 44,464</u>	<u>\$ 18,363,068</u>

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

County of Sussex, Virginia
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2020

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 16,369,827
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Capital assets, cost	\$ 60,793,445	
Accumulated depreciation	(18,578,236)	42,215,209

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

Unavailable revenue - property taxes	\$ 528,253	
Net pension asset	2,181,582	2,709,835

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

Pension related items	\$ 769,229	
OPEB related items	154,602	923,831

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

Compensated absences	\$ (408,926)	
Net OPEB liabilities	(762,671)	
Landfill postclosure costs	(2,729,898)	
Capital lease	(125,746)	
Literary fund loans	(4,968,629)	
General obligation bonds	(2,950,000)	
Bond premium	(414,584)	
QZAB bonds	(3,291,428)	
Accrued interest payable	(158,545)	(15,810,427)

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

Pension related items	\$ (1,121,278)	
OPEB related items	(88,840)	(1,210,118)

Net position of governmental activities	\$ 45,198,157
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The notes to the financial statements are an integral part of this statement.

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

	<u>General</u>	<u>County Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total</u>
REVENUES				
General property taxes	\$ 9,840,157	\$ -	\$ -	\$ 9,840,157
Other local taxes	1,360,220	-	-	1,360,220
Permits, privilege fees, and regulatory licenses	81,849	-	-	81,849
Fines and forfeitures	1,019,225	-	-	1,019,225
Revenue from the use of money and property	172,540	106,910	403	279,853
Charges for services	6,121,251	-	1,283	6,122,534
Miscellaneous	172,712	108,697	-	281,409
Recovered costs	319,328	-	-	319,328
Intergovernmental:				
Commonwealth	4,859,351	523,375	-	5,382,726
Federal	1,500,720	-	-	1,500,720
Total revenues	<u>\$ 25,447,353</u>	<u>\$ 738,982</u>	<u>\$ 1,686</u>	<u>\$ 26,188,021</u>
EXPENDITURES				
Current:				
General government administration	\$ 2,160,421	\$ -	\$ -	\$ 2,160,421
Judicial administration	1,300,786	-	342	1,301,128
Public safety	5,875,895	-	4,195	5,880,090
Public works	660,541	-	-	660,541
Health and welfare	2,793,474	-	-	2,793,474
Education	8,175,100	27,000	-	8,202,100
Parks, recreation, and cultural	236,698	-	-	236,698
Community development	1,857,527	-	-	1,857,527
Capital projects	-	947,998	-	947,998
Debt service:				
Principal retirement	1,311,397	57,751	-	1,369,148
Interest and other fiscal charges	321,000	10,643	-	331,643
Total expenditures	<u>\$ 24,692,839</u>	<u>\$ 1,043,392</u>	<u>\$ 4,537</u>	<u>\$ 25,740,768</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 754,514</u>	<u>\$ (304,410)</u>	<u>\$ (2,851)</u>	<u>\$ 447,253</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 3,358,108	\$ -	\$ 3,358,108
Transfers out	(3,358,108)	-	-	(3,358,108)
Total other financing sources (uses)	<u>\$ (3,358,108)</u>	<u>\$ 3,358,108</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	\$ (2,603,594)	\$ 3,053,698	\$ (2,851)	\$ 447,253
Fund balances - beginning	9,000,661	6,874,598	47,315	15,922,574
Fund balances - ending	<u>\$ 6,397,067</u>	<u>\$ 9,928,296</u>	<u>\$ 44,464</u>	<u>\$ 16,369,827</u>

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

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

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

Net change in fund balances - total governmental funds	\$	447,253
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the depreciation exceeded capital outlays in the current period. The following is a summary of items supporting this adjustment:

Capital outlays	\$ 859,763	
Jointly owned asset allocation	(905,956)	
Depreciation expense	<u>(1,313,545)</u>	(1,359,738)

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

Property taxes		(68,795)
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The issuance of long-term obligations (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term obligations 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 obligations and related items. The following is a summary of items supporting this adjustment:

Principal retirement on state literary fund loans	\$ 711,397	
Principal retirement on general obligation bonds	600,000	
Principal retirement on capital lease	57,751	
Decrease in landfill postclosure liability	<u>(12,201)</u>	1,356,947

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.

Amortization of bond premium	\$ 34,549	
Pension expense	889,345	
OPEB expense	25,798	
Change in compensated absences	24,361	
Change in accrued interest payable	<u>30,403</u>	1,004,456

Change in net position of governmental activities	\$	<u><u>1,380,123</u></u>
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The notes to the financial statements are an integral part of this statement.

County of Sussex, Virginia
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2020

	Private-Purpose <u>Trusts</u>	Agency <u>Funds</u>
ASSETS		
Cash and cash equivalents	\$ 93,207	\$ 70,740
Total assets	<u>\$ 93,207</u>	<u>\$ 70,740</u>
LIABILITIES		
Unearned revenue	\$ -	\$ 25,000
Amounts held for social services clients	-	30,131
Amounts held for others	-	2,745
Amounts held for inmates	-	12,864
Total liabilities	<u>\$ -</u>	<u>\$ 70,740</u>
NET POSITION		
Amounts held in trust for scholarships	\$ 93,207	\$ -
Total net position	<u>\$ 93,207</u>	<u>\$ -</u>
Total liabilities and net position	<u>\$ 93,207</u>	<u>\$ 70,740</u>

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

County of Sussex, Virginia
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2020

	Private Purpose Trusts <u>Funds</u>
ADDITIONS	
Investment earnings (losses)	\$ 5,011
Private donations	1,411
Total additions	<u>\$ 6,422</u>
DEDUCTIONS	
Scholarships	\$ 110,357
Total deductions	<u>\$ 110,357</u>
Change in net position	\$ (103,935)
Net position - beginning	197,142
Net position - ending	<u><u>\$ 93,207</u></u>

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

COUNTY OF SUSSEX, VIRGINIA

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

Note 1—Summary of Significant Accounting Policies:

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

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

Government-wide and Fund Financial Statements

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

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

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

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

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

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

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

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

A. Financial Reporting Entity

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

B. Individual Component Unit Disclosures

Blended Component Units. The County has no blended component units at June 30, 2020.

Discretely Presented Component Units. The School Board members are elected by the citizens of Sussex County. The School Board is responsible for the operations of the County's School System within the County boundaries. The School Board is fiscally dependent on the County. The County has the ability to approve its budget and any amendments. The primary funding is from the General Fund of the County. The School Board does not issue a separate financial report. The financial statements of the School Board are presented as a discrete presentation of the County financial statements for the fiscal year ended June 30, 2020.

C. Other Related Organizations Included in the County's Financial Report

None

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

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

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

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

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

The government-wide Statement of Activities reflects both the gross and net cost per functional category (public safety, public works, health and welfare, etc.) which are otherwise being supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants, and contributions. The program revenues must be directly associated with the function (public safety, public works, health and welfare, etc.) or a business-type activity.

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

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

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

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

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

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

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

1. Governmental Funds

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

The General Fund is the primary operating fund of the County. This fund is used to account for and report all financial transactions and resources except those required to be accounted for and reported in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for services, and interest income. A significant part of the General Fund's revenues is used principally to finance the operations of the Component Unit School Board.

Capital Projects Funds - The County Capital Projects Fund accounts for and reports financial resources that are restricted, committed or assigned to expenditure for capital outlays.

The County reports the following nonmajor governmental funds:

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 County Special Revenue Fund includes the operations of the law library and the drug forfeiture activity.

- 2. Fiduciary Funds - (Trust and Agency Funds)** - account for assets held by the County in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. These funds include Agency Funds and Private Purpose Trust Funds. These funds utilize the accrual basis of accounting described in the Governmental Fund Presentation. Fiduciary funds are not included in the government-wide financial statements. Agency Funds include Special Welfare, Sheriff Information, Jail Inmate and Canteen Funds. Private Purpose Trust Funds include Robert Mitchell Scholarship, Rotary Scholarship, and Richard Clements Moore III Scholarship.

E. Cash and Cash Equivalents

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

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

F. Investments

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

G. Receivables and Payables

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$105,546 at June 30, 2020 and is comprised solely of property taxes.

Real and Personal Property Tax Data:

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

	<u>Real Property</u>	<u>Personal Property</u>
Levy	January 1	January 1
Due Date	December 5	December 5
Lien Date	January 1	January 1

The County bills and collects its own property taxes.

H. Capital Assets

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

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

Note 1—Summary of Significant Accounting Policies: (Continued)**H. Capital Assets (Continued)**

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

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

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

I. Prepaid Items

Certain payments to vendors reflect costs applied to future accounting periods and are recorded as prepaid items in both the government-wide and the fund financial statements. Prepaid items are accounted for using the consumption method and are valued at cost.

J. Compensated Absences

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

K. Use of Estimates

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

L. Net Position

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

- Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

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

L. Net Position (Continued)

- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

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

M. 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's and School Board's Retirement Plan and the additions to/deductions from the County's and School Board's Retirement Plan's net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

N. Other Postemployment Benefits (OPEB)

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

O. Long-term Obligations

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

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

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

P. Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has multiple items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30 and amounts prepaid on next year's taxes 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 next year's taxes are reported as deferred inflows of resources. In addition, certain items related to the measurement of the net pension (asset) liability and net OPEB liability(ies) are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

Q. Fund Balance

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

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

COUNTY OF SUSSEX, VIRGINIA

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

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

Q. Fund Balance (Continued)

- Unassigned fund balance - amounts that are available for any purpose; positive amounts are only reported in the general fund. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

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

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

In the general fund, the County strives to maintain a committed fund balance to be used for Indoor Plumbing activity and CDBG funds.

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

	General Fund	County Capital Projects Fund	Other Governmental Funds	Total
Fund Balances:				
Restricted:				
Bond sinking funds	\$ -	\$ 2,638,624	\$ -	\$ 2,638,624
Total Restricted Fund Balance	\$ -	\$ 2,638,624	\$ -	\$ 2,638,624
Committed:				
Indoor Plumbing	\$ 19,674	\$ -	\$ -	\$ 19,674
CDBG	59,929	-	-	59,929
Capital Improvements	-	7,289,672	-	7,289,672
Forfeited asset	-	-	13,996	13,996
Law library	-	-	30,468	30,468
Total Committed Fund Balance	\$ 79,603	\$ 7,289,672	\$ 44,464	\$ 7,413,739
Unassigned	\$ 6,317,464	\$ -	\$ -	\$ 6,317,464
Total Fund Balances	\$ 6,397,067	\$ 9,928,296	\$ 44,464	\$ 16,369,827

Note 2—Stewardship, Compliance, and Accounting:

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

1. On or before March 30th, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the fund level. The appropriation for each department or category can be revised only by the Board of Supervisors. The County Administrator is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.
5. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
6. Appropriations lapse on June 30, for all County units.

Expenditures and Appropriations

Expenditures exceeded appropriations by \$117,007 in the School Special Revenue fund at June 30, 2020.

Note 3—Deposits and Investments:

Deposits

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the "Act") Section 2.2-4400 et. Seq. of the Code of Virginia. Under the Act, banks and savings institutions holding public deposits 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 local governments and other public bodies to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper that has received at least two of the following ratings: P-1 by Moody's Investors Service, Inc.; A-1 by Standard and Poor's; or F1 by Fitch Ratings, Inc. (Section 2.2-4502), banker's acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP).

COUNTY OF SUSSEX, VIRGINIA

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

Note 3—Deposits and Investments: (Continued)

Credit Risk of Debt Securities

The County's rated debt investments as of June 30, 2020 were rated by Standard and Poor's and the ratings are presented below using the Standard and Poor's rating scale.

		Fair Quality Ratings
		AAAm
Local Government Investment Pool	\$	4,379,991
Virginia Investment Pool		2,116,028
Money Market Mutual Fund		2,638,623
Total	\$	9,134,642

External Investment Pool

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

Redemption Restriction

The County has the option to have access to withdrawal funds twice a month, with a five day period notice. Additionally, funds are available to meet the unexpected needs such as fluctuations in revenue sources, one-time outlays, (disaster, immediate capital needs, state budget cuts, etc.).

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 has measured fair value of the above VML/VACO Investment Pool at the net asset value (NAV).

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COUNTY OF SUSSEX, VIRGINIA

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

Note 4—Due to/from Other Governments:

At June 30, 2020, the County has receivables from other governments as follows:

	Primary Government	Component Unit School Board
Other Local Governments:		
Sussex County School Board	\$ 1,220,849	\$ -
Commonwealth of Virginia:		
Local sales tax	152,454	-
Welfare	39,631	-
Rolling stock tax	76,811	-
State Sales Tax	-	181,047
Constitutional officer reimbursements	202,281	-
Tax on deeds	7,895	-
Mobile home titling tax	1,340	-
Motor vehicle rental tax	1	-
Communications tax	23,838	-
E-911 wireless	9,422	-
Timber sale	72,526	-
Criminal justice grant	1,498	-
Comprehensive services	150,772	-
Federal Government:		
School fund grants	-	560,948
Welfare	85,899	-
Total due from other governments	\$ <u>2,045,217</u>	\$ <u>741,995</u>

At June 30, 2020, amounts due to other local governments are as follows:

Other Local Governments:		
County of Sussex	\$ <u>-</u>	\$ <u>1,220,849</u>

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COUNTY OF SUSSEX, VIRGINIA

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

Note 5—Capital Assets:

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

Primary Government:

	Balance July 1, 2019	Issuances/ Increases	Retirements/ Decreases	Balance June 30, 2020
Governmental activities:				
Capital assets not subject to depreciation:				
Land	\$ 10,530,331	\$ -	\$ -	\$ 10,530,331
Construction in progress	10,366,101	142,140	141,215	10,367,026
Total capital assets not subject to depreciation	\$ 20,896,432	\$ 142,140	\$ 141,215	\$ 20,897,357
Capital assets subject to depreciation:				
Buildings and improvements	\$ 8,497,435	\$ 141,215	\$ -	\$ 8,638,650
Machinery and equipment	12,841,468	717,623	-	13,559,091
Jointly owned assets	19,027,349	-	1,329,002	17,698,347
Total capital assets subject to depreciation	\$ 40,366,252	\$ 858,838	\$ 1,329,002	\$ 39,896,088
Accumulated depreciation:				
Buildings and improvements	\$ 4,441,002	\$ 203,320	\$ -	\$ 4,644,322
Machinery and equipment	7,189,973	670,235	-	7,860,208
Jointly owned assets	6,056,762	439,990	423,046	6,073,706
Total accumulated depreciation	\$ 17,687,737	\$ 1,313,545	\$ 423,046	\$ 18,578,236
Total capital assets being depreciated, net	\$ 22,678,515	\$ (454,707)	\$ 905,956	\$ 21,317,852
Governmental activities capital assets, net	\$ 43,574,947	\$ (312,567)	\$ 1,047,171	\$ 42,215,209

Component Unit - School Board:

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020
Governmental activities:				
Capital assets not subject to depreciation:				
Land	\$ 110,993	\$ -	\$ -	\$ 110,993
Total capital assets not subject to depreciation	\$ 110,993	\$ -	\$ -	\$ 110,993
Capital assets subject to depreciation:				
Machinery and equipment	\$ 4,470,382	\$ 275,086	\$ -	\$ 4,745,468
Jointly owned assets	26,548,702	-	(1,329,002)	27,877,704
Total capital assets subject to depreciation	\$ 31,019,084	\$ 275,086	\$ (1,329,002)	\$ 32,623,172
Accumulated depreciation:				
Machinery and equipment	\$ 3,646,845	\$ 192,306	\$ -	\$ 3,839,151
Jointly owned assets	8,450,949	693,055	(423,046)	9,567,050
Total accumulated depreciation	\$ 12,097,794	\$ 885,361	\$ (423,046)	\$ 13,406,201
Total capital assets being depreciated, net	\$ 18,921,290	\$ (610,275)	\$ (905,956)	\$ 19,216,971
Governmental activities capital assets, net	\$ 19,032,283	\$ (610,275)	\$ (905,956)	\$ 19,327,964

COUNTY OF SUSSEX, VIRGINIA

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

Note 5—Capital Assets: (Continued)

Depreciation expense was charged to functions/programs as follows:

Primray Government:

Governmental activities:

General government administration	\$	49,732
Judicial administration		125,812
Public safety		605,707
Public works		26,827
Health and welfare		54,335
Education		439,990
Parks, recreation and cultural		5,698
Community development		<u>5,444</u>
Total Governmental activities	\$	<u><u>1,313,545</u></u>

Component Unit School Board	\$	<u><u>885,361</u></u>
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Note 6—Interfund Transfers:

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

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General	\$ -	\$ 3,358,108
County Capital Projects	<u>3,358,108</u>	<u>-</u>
Total	\$ <u><u>3,358,108</u></u>	\$ <u><u>3,358,108</u></u>

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

COUNTY OF SUSSEX, VIRGINIA

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

Note 7—Long-Term Obligations:

Primary Government:

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

	Balance at July 1, 2019	Issuances/ Increases	Retirements/ Decreases	Balance at June 30, 2020	Amounts Due Within One Year
Governmental Activities Obligations:					
Incurred by County:					
Capital lease	\$ 183,497	\$ -	\$ 57,751	\$ 125,746	\$ 61,101
Landfill postclosure costs	2,717,697	12,201	-	2,729,898	-
Net OPEB liabilities	658,000	229,779	125,108	762,671	-
Compensated absences	433,287	18,968	43,329	408,926	40,893
Total incurred by County	\$ 3,992,481	\$ 260,948	\$ 226,188	\$ 4,027,241	\$ 101,994
Incurred by School Board:					
Direct Borrowings and Direct Placements:					
QZAB Bonds	\$ 3,291,428	\$ -	\$ -	\$ 3,291,428	\$ 1,077,000
Literary Fund Loans	5,680,026	-	711,397	4,968,629	711,397
General obligation bonds	3,550,000	-	600,000	2,950,000	230,000
Bond premium	449,133	-	34,549	414,584	-
Total incurred by School Board	\$ 12,970,587	\$ -	\$ 1,345,946	\$ 11,624,641	\$ 2,018,397
Total Governmental Activities Obligations	\$ 16,963,068	\$ 260,948	\$ 1,572,134	\$ 15,651,882	\$ 2,120,391

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COUNTY OF SUSSEX, VIRGINIA

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

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

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

Year Ending June 30	Direct Borrowings and Direct Placements Incurred by School Board					
	General Obligation Bonds		QZAB Bonds		Literary Fund Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 230,000	\$ 128,543	\$ 1,077,000	\$ -	\$ 711,397	\$ 149,059
2022	230,000	116,928	-	-	711,397	127,717
2023	230,000	105,313	2,214,428	-	711,397	106,375
2024	230,000	93,698	-	-	711,397	85,033
2025	230,000	82,083	-	-	711,397	63,691
2026	225,000	70,594	-	-	711,400	42,349
2027	225,000	61,481	-	-	350,127	21,007
2028	225,000	53,494	-	-	350,117	10,504
2029	225,000	43,256	-	-	-	-
2030	225,000	34,144	-	-	-	-
2031	225,000	25,594	-	-	-	-
2032	225,000	15,357	-	-	-	-
2033	225,000	5,119	-	-	-	-
Total	<u>\$ 2,950,000</u>	<u>\$ 835,604</u>	<u>\$ 3,291,428</u>	<u>\$ -</u>	<u>\$ 4,968,629</u>	<u>\$ 605,735</u>

COUNTY OF SUSSEX, VIRGINIA

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

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Details of long-term obligations:

Governmental Activities:

Incurred by County:

Capital Lease:

\$256,497 sheriff vehicles lease issued on August 23, 2018, due in annual installments of \$68,394 through August 2021, after an initial interest free payment of \$73,000.	\$ <u>125,746</u>
Landfill postclosure costs	\$ <u>2,729,898</u>
Net OPEB liabilities	\$ <u>762,671</u>
Compensated absences (payable from the General Fund)	\$ <u>408,926</u>
Total Incurred by County	\$ <u>4,027,241</u>

Incurred by School Board:

QZAB Bonds:

\$1,077,000 QZAB bond issued December 23, 2005, due in one lump sum payment at December 23, 2020, interest rate at 0%.	\$ 1,077,000
\$2,214,428 QZAB bond issued November 17, 2006, due in one lump sum payment at November 17, 2022, interest rate at 0%.	<u>2,214,428</u>
Total QZAB Bonds	\$ <u>3,291,428</u>

General Obligation Bonds Payable:

\$4,560,000 VPSA bond issued May 10, 2019 due in annual installments of \$230,000, interest payable semi-annually at coupon rates of 2.55% to 5.05% through July 15, 2032.	\$ <u>2,950,000</u>
Total General Obligation Bonds	\$ <u>2,950,000</u>
Bond Premium	\$ <u>414,584</u>

COUNTY OF SUSSEX, VIRGINIA

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

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Details of long-term obligations: (Continued)

Governmental Activities: (Continued)

Incurred by School Board: (Continued)

Literary Fund Loans:

\$7,225,403 Literary loan issued October 1, 2005, due in annual installments of \$361,270 through October 1, 2025, interest at 3%.	\$ 2,167,623
\$7,002,530 Literary loan issued January 1, 2008, due in annual installments of \$350,127 through January 1, 2028, interest at 3%.	<u>2,801,006</u>
Total Literary Fund Loans	\$ <u>4,968,629</u>
Total incurred by School Board	\$ <u>11,624,641</u>
Total Governmental Activities, Primary Government	\$ <u><u>15,651,882</u></u>

Discretely Presented Component Unit-School Board:

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

	Balance at July 1, 2019		Increases		Decreases		Balance at June 30, 2020		Amounts Due Within One Year
Component Unit-School Board:									
VRS early retirement liability	\$ 501,986	\$	-	\$	85,567	\$	416,419	\$	92,412
Capital lease	27,637		-		27,637		-		-
Net OPEB liabilities	2,620,000		471,076		577,987		2,513,089		-
Net pension liability	11,541,000		4,306,479		3,238,338		12,609,141		-
Compensated absences	<u>406,027</u>		<u>-</u>		<u>125,183</u>		<u>280,844</u>		<u>28,084</u>
Total Component Unit-School Board	\$ <u>15,096,650</u>	\$	<u>4,777,555</u>	\$	<u>4,054,712</u>	\$	<u>15,819,493</u>	\$	<u>120,496</u>

COUNTY OF SUSSEX, VIRGINIA

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

Note 7—Long-Term Obligations: (Continued)

Discretely Presented Component Unit-School Board: (Continued)

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

Year Ending June 30	VRS Early Retirement Liability	
	Principal	Interest
2021	\$ 92,412	\$ 33,314
2022	99,805	25,921
2023	107,789	17,937
2024	116,413	9,313
Total	<u>\$ 416,419</u>	<u>\$ 86,485</u>

Note 8—Closure and Postclosure Costs:

The County closed its two landfills and is liable for postclosure monitoring for a period of thirty years. In conjunction with the closing of the landfill, an environmental engineering firm was engaged to devise a closure plan in accordance with Federal and State Regulations. The \$2,729,898 reported as landfill closure and postclosure liability at June 30, 2020, represents the estimated liability for postclosure monitoring, over the remaining seventeen years. These amounts are based on what it would cost to perform all closure and postclosure care in 2020. Actual costs may be higher due to inflation, changes in technology or changes in regulations.

The County has demonstrated financial assurance requirements for closure, 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 9—Unearned and Deferred/Unavailable Revenue:

Deferred/unavailable revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Under the accrual basis, assessments for future periods are deferred. Deferred/unavailable revenue is comprised of the following:

Property Tax Revenue - Unavailable revenue representing uncollected tax billings not available for funding of current expenditures totaled \$528,253 at June 30, 2020.

Prepaid Property Taxes - Property taxes due subsequent to June 30, 2020 but paid in advance by the taxpayers totaled \$37,606 at June 30, 2020.

COUNTY OF SUSSEX, VIRGINIA

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

Note 9—Unearned and Deferred/Unavailable Revenue:

The Discretely Present Component Unit School Board reports unearned revenue related to funding received from Virginia State University in the amount of \$681,107.

Note 10—Contingent Liabilities:

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

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

Note 11—Litigation:

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

Note 12—Risk Management:

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

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

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

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

Note 13—Capital Leases:

The County has entered into a lease agreement as lessee for financing the acquisition of seven sheriff vehicles. The School Board has entered into a lease agreement as lessee for financing the acquisition of one school bus. Both lease agreements qualify as a capital lease for accounting purposes and, therefore, have been recorded at the present value of minimum lease payments as of the inception date.

COUNTY OF SUSSEX, VIRGINIA

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

Note 13—Capital Leases: (Continued)

The assets acquired through a capital leases are as follows:

	Primary Government	Component Unit School Board
Asset:		
Equipment	\$ 256,497	\$ 89,784
Less: accumulated depreciation	(102,599)	(26,935)
Total	<u>\$ 153,898</u>	<u>\$ 62,849</u>

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

Year Ended June 30	Primary Government
2021	\$ 68,394
2022	68,394
Total minimum lease payments	\$ 136,788
Less: amount representing interest	(11,042)
Present value of minimum lease payments	<u>\$ 125,746</u>

Note 14—Pension Plans:

Plan Description

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

Note 14—Pension Plans: (Continued)

Benefit Structures

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

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

Average Final Compensation and Service Retirement Multiplier

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

Note 14—Pension Plans: (Continued)**Cost-of-Living Adjustment (COLA) in Retirement and Death and Disability Benefits**

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

Employees Covered by Benefit Terms

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

	Primary Government	Component Unit School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	90	41
Inactive members:		
Vested inactive members	19	3
Non-vested inactive members	15	10
Inactive members active elsewhere in VRS	64	14
Total inactive members	98	27
Active members	107	43
Total covered employees	295	111

Contributions

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

The County's contractually required employer contribution rate for the year ended June 30, 2020 was 6.67% 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 \$334,962 and \$328,953 for the years ended June 30, 2020 and June 30, 2019, respectively.

Note 14—Pension Plans: (Continued)

Contributions (Continued)

The Component Unit School Board's contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2020 was 3.15% 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 \$25,663 and \$26,100 for the years ended June 30, 2020 and June 30, 2019, respectively.

Net Pension Liability (Asset)

The net pension liability (asset) (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. The County's and Component Unit School Board's (nonprofessional) net pension liabilities were measured as of June 30, 2019. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2018, and rolled forward to the measurement date of June 30, 2019.

Actuarial Assumptions - General Employees

The total pension liability for General Employees in the County's and Component Unit School Board's (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

Actuarial Assumptions - General Employees

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

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

Note 14—Pension Plans: (Continued)

Actuarial Assumptions - General Employees (Continued)

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

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

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the County's Retirement Plan was based on an actuarial valuation as of June 30, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

Note 14—Pension Plans: (Continued)**Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits (Continued)**

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

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

All Others (Non-10 Largest) - 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	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Note 14—Pension Plans: (Continued)**Long-Term Expected Rate of Return**

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

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

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

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the County and Component Unit School Board (nonprofessional) was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2019, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined

COUNTY OF SUSSEX, VIRGINIA

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

Note 14—Pension Plans: (Continued)

Discount Rate (Continued)

employer contribution rate from the June 30, 2017 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2019, the rate contributed by the school division for the VRS Teacher Retirement Plan was subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2019 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability (Asset)

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2018	\$ 24,176,129	\$ 26,577,089	\$ (2,400,960)
Changes for the year:			
Service cost	\$ 637,710	\$ -	\$ 637,710
Interest	1,648,032	-	1,648,032
Assumption changes	683,845	-	683,845
Differences between expected and actual experience	(422,526)	-	(422,526)
Contributions - employer	-	329,829	(329,829)
Contributions - employee	-	260,578	(260,578)
Net investment income	-	1,756,137	(1,756,137)
Benefit payments, including refunds of employee contributions	(1,265,631)	(1,265,631)	-
Administrative expenses	-	(17,758)	17,758
Other changes	-	(1,103)	1,103
Net changes	\$ 1,281,430	\$ 1,062,052	\$ 219,378
Balances at June 30, 2019	\$ 25,457,559	\$ 27,639,141	\$ (2,181,582)

COUNTY OF SUSSEX, VIRGINIA

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

Note 14—Pension Plans: (Continued)

Changes in Net Pension Liability (Asset)

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2018	\$ 3,466,026	\$ 3,844,564	\$ (378,538)
Changes for the year:			
Service cost	\$ 84,187	\$ -	\$ 84,187
Interest	236,713	-	236,713
Benefit changes			
Assumption changes	95,125	-	95,125
Differences between expected and actual experience	17,929	-	17,929
Contributions - employer	-	26,101	(26,101)
Contributions - employee	-	43,048	(43,048)
Net investment income	-	253,843	(253,843)
Benefit payments, including refunds of employee contributions	(168,823)	(168,823)	-
Administrative expenses	-	(2,558)	2,558
Other changes	-	(160)	160
Net changes	\$ 265,131	\$ 151,451	\$ 113,680
Balances at June 30, 2019	\$ 3,731,157	\$ 3,996,015	\$ (264,858)

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
County's			
Net Pension Liability (Asset)	\$ 913,755	\$ (2,181,582)	\$ (4,657,140)
Component Unit School Board's (nonprofessional)			
Net Pension Liability (Asset)	\$ 151,797	\$ (264,858)	\$ (599,546)

COUNTY OF SUSSEX, VIRGINIA

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

Note 14—Pension Plans: (Continued)

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

For the year ended June 30, 2020, the County and Component Unit School Board (nonprofessional) recognized pension expense of (\$553,507) and \$32,642, respectively. At June 30, 2020, the County and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 846,663	\$ 10,427	\$ 279
Change of assumptions	434,267	29,167	55,324	-
Net difference between projected and actual earnings on pension plan investments	-	245,448	-	33,515
Employer contributions subsequent to the measurement date	334,962	-	25,663	-
Total	\$ 769,229	\$ 1,121,278	\$ 91,414	\$ 33,794

\$334,962 and \$25,663 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 (increase to) the Net Pension Liability (Asset) in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30	Primary Government	Component Unit School Board (nonprofessional)
2021	\$ (523,876)	\$ 47,260
2022	(172,775)	(16,793)
2023	(6,354)	(850)
2024	15,994	2,340
2025	-	-
Thereafter	-	-

Note 14—Pension Plans: (Continued)

Pension Plan Data

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

Component Unit School Board (professional)

Plan Description

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

Contributions

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

Each School Division's contractually required employer contribution rate for the year ended June 30, 2020 was 15.68% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2018. 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 \$1,265,001 and \$1,227,086 for the years ended June 30, 2020 and June 30, 2019, respectively.

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

At June 30, 2020, the school division reported a liability \$12,609,141 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2019 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2018, and rolled forward to the measurement date of June 30, 2019. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the school division's proportion was 0.09581% as compared to 0.09814% at June 30, 2018.

COUNTY OF SUSSEX, VIRGINIA

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

Note 14—Pension Plans: (Continued)

Component Unit School Board (professional) (Continued)

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

For the year ended June 30, 2020, the school division recognized pension expense \$1,067,929. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2020, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 807,417
Change of assumptions	1,248,601	-
Net difference between projected and actual earnings on pension plan investments	-	276,867
Changes in proportion and differences between employer contributions and proportionate share of contributions	143,949	568,895
Employer contributions subsequent to the measurement date	1,265,001	-
Total	\$ 2,657,551	\$ 1,653,179

\$1,265,001 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 ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30	
2021	\$ (147,671)
2022	(361,165)
2023	9,620
2024	162,277
2025	76,310

Note 14—Pension Plans: (Continued)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions

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

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

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

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.

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COUNTY OF SUSSEX, VIRGINIA

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

Note 14—Pension Plans: (Continued)

Component Unit School Board (professional) (Continued)

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

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

Net Pension Liability

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

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

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

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

COUNTY OF SUSSEX, VIRGINIA

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

Note 14—Pension Plans: (Continued)

Component Unit School Board (professional) (Continued)

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

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

		Rate				
		1% Decrease	Current Discount	1% Increase		
		(5.75%)	(6.75%)	(7.75%)		
School division's proportionate share of the VRS Teacher Employee Retirement Plan						
Net Pension Liability (Asset)	\$	18,982,234	\$	12,609,141	\$	7,339,772

Pension Plan Fiduciary Net Position

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

	Primary Government				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
VRS Pension Plans:								
Primary Government	\$ 769,229	\$ 1,121,278	\$ (2,181,582)	\$ (553,507)	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	91,414	33,794	(264,858)	32,642
School Board Professional	-	-	-	-	2,657,551	1,653,179	12,609,141	1,067,929
Totals	\$ 769,229	\$ 1,121,278	\$ (2,181,582)	\$ (553,507)	\$ 2,748,965	\$ 1,686,973	\$ 12,344,283	\$ 1,100,571

Note 15—Group Life Insurance (GLI) Plan (OPEB Plan):

Plan Description

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

Note 15—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Plan Description (Continued)

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

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

Eligible Employees

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

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the 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 service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living calculation. The minimum benefit adjusted for the COLA was \$8,463 as of June 30, 2020.

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% ($1.31\% \times 60\%$) and the employer component was 0.52% ($1.31\% \times 40\%$). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2020 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2018. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Plan from the County were \$27,060 and \$26,293 for the years ended June 30, 2020 and June 30, 2019, respectively.

COUNTY OF SUSSEX, VIRGINIA

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

Note 15—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Contributions (Continued)

Contributions to the Group Life Insurance Plan from the Component Unit School Board (professional) were \$43,162 and \$41,540 for the years ended June 30, 2020 and June 30, 2019, respectively. Contributions to the Group Life Insurance Plan from the Component Unit School Board (nonprofessional) were \$4,800 and \$4,676 for the years ended June 30, 2020 and June 30, 2019, respectively.

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

At June 30, 2020, the County reported a liability of \$419,671 for its proportionate share of the Net GLI OPEB Liability. The Component Unit School Board (professional) and (nonprofessional) reported liabilities of \$663,111 and \$74,692, respectively, for their proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2019 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2018, and rolled forward to the measurement date of June 30, 2019. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the County's proportion was 0.02579% as compared to 0.02563% at June 30, 2018. At June 30, 2019, the Component Unit School Board (professional) and (nonprofessional) proportion was 0.04075% and 0.00459%, respectively as compared to 0.04160% and 0.00480% respectively at June 30, 2018.

For the year ended June 30, 2020, the County recognized GLI OPEB expense of \$3,237. For the year ended June 30, 2020, the Component Unit School Board (professional) recognized GLI OPEB expense of \$8,732. For the year ended June 30, 2020, the Component Unit School Board (nonprofessional) recognized GLI OPEB expense of (\$819). Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

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

	Primary Government		Component School Board (professional)		Component School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 27,911	\$ 5,445	\$ 44,101	\$ 8,601	\$ 4,967	\$ 969
Net difference between projected and actual earnings on GLI OPEB program investments	-	8,620	-	13,621	-	1,534
Change of assumptions	26,496	12,655	41,865	19,996	4,716	2,252
Changes in proportionate share	2,135	25,120	-	26,846	-	9,779
Employer contributions subsequent to the measurement date	27,060	-	43,162	-	4,800	-
Total	\$ 83,602	\$ 51,840	\$ 129,128	\$ 69,064	\$ 14,483	\$ 14,534

Note 15—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)**GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Plan OPEB (Continued)**

\$27,060, \$43,162 and \$4,800, respectively, reported as deferred outflows of resources related to the GLI OPEB resulting from the County, Component Unit School Board professional and nonprofessional group's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30	Primary Government	Component Unit School Board (professional)	Component Unit School Board (nonprofessional)
2021	\$ (4,977)	\$ (4,245)	(2,280)
2022	(4,976)	(4,245)	(2,280)
2023	(1,325)	1,524	(1,631)
2024	4,972	9,259	72
2025	8,470	11,517	1,011
Thereafter	2,538	3,092	257

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019. The assumptions include several employer groups as noted below. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS CARF.

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

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

Note 15—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

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.

Note 15—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)**Mortality Rates - Non-Largest Ten Locality Employers - General Employees (Continued)**

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

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

Mortality Rates - Non-Largest Ten Locality Employers - Hazardous Duty Employees**Pre-Retirement:**

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

Post-Retirement:

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

Post-Disablement:

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

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

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

Note 15—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Plan represents the plan’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2019, NOL amounts for the GLI Plans is as follows (amounts expressed in thousands):

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

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

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Note 15—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)**Long-Term Expected Rate of Return**

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

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

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

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2019, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, employers are assumed 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 15—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)***Sensitivity of the Employer's Proportionate Share of the Net GLI OPEB Liability to Changes in the Discount Rate***

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
County's proportionate share of the GLI Plan			
Net OPEB Liability	\$ 551,332	\$ 419,671	\$ 312,898
Component School Board (professional)'s proportionate share of the GLI Plan			
Net OPEB Liability	\$ 871,144	\$ 663,111	\$ 494,402
Component School Board (nonprofessional)'s proportionate share of the GLI Plan			
Net OPEB Liability	\$ 98,124	\$ 74,692	\$ 55,689

Group Life Insurance Program Fiduciary Net Position

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

Note 16—Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan):***Plan Description***

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

Note 16—Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan):

Plan Description

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

Eligible Employees

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

Benefit Amounts

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

HIC Plan Notes

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

Contributions

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2020 was 1.20% 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, 2018. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee HIC Plan were \$99,289 and \$95,434 for the years ended June 30, 2020 and June 30, 2019, respectively.

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

At June 30, 2020, the school division reported a liability of \$1,241,286 for its proportionate share of the VRS Teacher Employee HIC Net OPEB Liability. The Net VRS Teacher Employee HIC OPEB Liability was measured as of June 30, 2019 and the total VRS Teacher Employee HIC OPEB liability used to calculate the Net VRS Teacher Employee HIC OPEB Liability was determined by an actuarial valuation performed as of June 30, 2018, and rolled forward to the measurement date of June 30, 2019. The school division's proportion of the Net VRS Teacher Employee HIC OPEB Liability was based on the school division's actuarially determined employer

Note 16—Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)**Teacher Employee HIC OPEB Liabilities, Teacher Employee HIC OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Teacher Employee HIC Plan OPEB (Continued)**

contributions to the VRS Teacher Employee HIC OPEB plan for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the school division's proportion of the VRS Teacher Employee HIC was 0.09482% as compared to 0.09770% at June 30, 2018.

For the year ended June 30, 2020, the school division recognized VRS Teacher Employee HIC OPEB expense of \$90,766. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher Employee HIC Net OPEB expense was related to deferred amounts from changes in proportion.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 7,031
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	78	-
Change of assumptions	28,890	8,625
Change in proportionate share	6,780	67,504
Employer contributions subsequent to the measurement date	99,289	-
Total	\$ 135,037	\$ 83,160

\$99,289 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

Year Ended June 30	
2021	\$ (10,218)
2022	(10,219)
2023	(9,675)
2024	(9,857)
2025	(6,397)
Thereafter	(1,046)

Note 16—Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Actuarial Assumptions

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

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

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

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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Note 16—Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)**Actuarial Assumptions: (Continued)****Mortality Rates - Teachers: (Continued)**

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

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

Net Teacher Employee HIC OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee HIC Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2019, NOL amounts for the VRS Teacher Employee HIC Plan is as follows (amounts expressed in thousands):

		Teacher Employee HIC OPEB Plan
Total Teacher Employee HIC OPEB Liability	\$	1,438,114
Plan Fiduciary Net Position		129,016
Teacher Employee net HIC OPEB Liability (Asset)	\$	<u>1,309,098</u>

Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability	8.97%
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The total Teacher Employee HIC OPEB liability is calculated by the System's actuary, and the plan's fiduciary net position is reported in the System's financial statements. The net Teacher Employee HIC OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

Note 16—Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)**Long-Term Expected Rate of Return**

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

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

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

Discount Rate

The discount rate used to measure the total Teacher Employee HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2019, the rate contributed by each school division for the VRS Teacher Employee HIC Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2019 on, all agencies are assumed to 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 16—Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)**Sensitivity of the School Division's Proportionate Share of the Teacher Employee HIC Net OPEB Liability to Changes in the Discount Rate**

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan			
Net HIC OPEB Liability	\$ 1,389,210	\$ 1,241,286	\$ 1,115,625

Teacher Employee HIC OPEB Fiduciary Net Position

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

Note 17—Medical and Dental Pay-as-You-Go (OPEB Plan):**County and School Board****Plan Description**

In addition to the pension benefits described in Note 14, the County administers a single-employer defined benefit healthcare plan, The County of Sussex Postretirement Benefits 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.

In addition to the pension benefits described in Note 14, the Component Unit School Board administers a single-employer defined benefit healthcare plan, The Sussex County Public Schools Postretirement Benefits Plan. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the School Board's pension plans. The plan does not issue a publicly available financial report.

Benefits Provided

Postemployment benefits that are provided to eligible County retirees include medical and dental insurance. The benefits that are provided for active employees are the same for eligible retirees, spouses and dependents of eligible retirees. All permanent employees of the County who meet eligibility requirements of the pension plan are eligible to receive postemployment health care benefits.

COUNTY OF SUSSEX, VIRGINIA

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

Note 17—Medical and Dental Pay-as-You-Go (OPEB Plan): (Continued)

County and School Board: (Continued)

Benefits Provided (Continued)

Postemployment benefits that are provided to eligible School Board retirees include medical and dental insurance. The benefits that are provided for active employees are the same for eligible retirees, spouses and dependents of eligible retirees. All permanent employees of the School Board who meet eligibility requirements of the pension plan are eligible to receive postemployment health care benefits.

Plan Membership

At July 1, 2019 (measurement date), the following employees were covered by the benefit terms:

	Primary Government	Component Unit School Board
Total active employees with coverage	81	163
Total inactive employees	8	4
Total	89	167

Contributions

The County nor the School Board pre-funds 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 County or School Board. The amount paid by the County and the School Board for OPEB as the benefits came due during the year ended June 30, 2020 was \$28,000 and \$43,000.

Total OPEB Liability

The County and School Board's total OPEB liability was measured as of July 1, 2019. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total OPEB liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	Not available
Salary Increases	The salary increase rate was 2.50% per annum.
Discount Rate	3.13% based on the Municipal GO AA 20-year yield curve rate as of measurement date.

COUNTY OF SUSSEX, VIRGINIA

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

Note 17—Medical and Dental Pay-as-You-Go (OPEB Plan): (Continued)

County and School Board: (Continued)

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

RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2019.

Discount Rate

The discount rate used when OPEB plan investments are insufficient to pay for future benefit payments is based on the Municipal GO AA 20-year yield curve rate as of June 30, 2019.

Changes in Total OPEB Liability

	Primary Government Total OPEB Liability	Component Unit School Board Total OPEB Liability
Balances at June 30, 2018	\$ 269,000	\$ 675,000
Changes for the year:		
Service cost	13,000	44,000
Interest	10,000	25,000
Difference between expected and actual experience	69,000	(184,000)
Contributions - employer	(28,000)	(43,000)
Assumption changes	10,000	17,000
Net changes	\$ 74,000	\$ (141,000)
Balances at June 30, 2019	\$ 343,000	\$ 534,000

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

The following amounts present the total OPEB liability of the County and 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 (2.13%) or one percentage point higher (4.13%) than the current discount rate:

	Rate		
	1% Decrease (2.13%)	Current Discount Rate (3.13%)	1% Increase (4.13%)
Primary Government:			
Total OPEB liability	\$ 364,000	\$ 343,000	\$ 323,000
Component Unit School Board:			
Total OPEB liability	\$ 572,000	\$ 534,000	\$ 499,000

Note 17—Medical and Dental Pay-as-You-Go (OPEB Plan): (Continued)**County and 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 County and School Board, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (4.50%) or one percentage point higher (6.50%) than the current healthcare cost trend rates:

	Rates		
	1% Decrease (4.50%)	Healthcare Cost Trend (5.50%)	1% Increase (6.50%)
Primary Government:			
Total OPEB liability	\$ 321,000	\$ 343,000	\$ 367,000
Component Unit School Board:			
Total OPEB liability	\$ 481,000	\$ 534,000	\$ 596,000

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

For the year ended June 30, 2020, the County and the School Board recognized OPEB expense in the amount of \$29,000 and (\$55,000). At June 30, 2020, the County and the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Primary Government		Component Unit School Board	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 63,000	\$ 30,000	\$ 33,000	\$ 319,000
Changes in assumptions	8,000	7,000	13,000	58,000
Total	<u>\$ 71,000</u>	<u>\$ 37,000</u>	<u>\$ 46,000</u>	<u>\$ 377,000</u>

COUNTY OF SUSSEX, VIRGINIA

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

Note 17—Medical and Dental Pay-as-You-Go (OPEB Plan): (Continued)

County and School Board: (Continued)

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

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

Year Ended June 30	Primary Government	Component Unit School Board
2021	\$ 3,000	\$ (128,000)
2022	4,000	(28,000)
2023	12,000	(56,000)
2024	15,000	(19,000)
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.

Note 18—Summary of Other Postemployment Benefit Plans:

	Primary Government				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
VRS OPEB Plans:								
Group Life Insurance Program (Note 15):								
County	\$ 83,602	\$ 51,840	\$ 419,671	\$ 3,237	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	14,483	14,534	74,692	(819)
School Board Professional	-	-	-	-	129,128	69,064	663,111	3,237
Teacher Health Insurance Credit Program (Note 16)	-	-	-	-	135,037	83,160	1,241,286	90,766
County Stand-Alone Plan (Note 17)	71,000	37,000	343,000	29,000	-	-	-	-
School Stand-Alone Plan (Note 17)	-	-	-	-	46,000	377,000	534,000	(55,000)
Totals	\$ 154,602	\$ 88,840	\$ 762,671	\$ 32,237	\$ 324,648	\$ 543,758	\$ 2,513,089	\$ 38,184

COUNTY OF SUSSEX, VIRGINIA

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

Note 19—Surety Bonds:

	<u>Amount</u>
Division of Risk Management Surety Bond:	
Commonwealth Funds	
Gary M. Williams, Clerk of the Circuit Court	\$ 210,000
Deste J. Cox, Treasurer	400,000
Ellen G. Boone, Commissioner of the Revenue	20,000
Earnest L. Giles, Sheriff	30,000
Continental Insurance Company-Surety:	
Dr. Arthur Jarrett, Jr., Superintendent of Schools and Clerk of the Board	10,000
All County, Social Service and School Board Employees	100,000

Note 20—Jointly Governed Organizations:

District 19 Community Services Board

The District 19 Community Services Board is considered a jointly governed organization and therefore its operations are not included in the County's financial statements. The governing body of this organization is appointed by the participating jurisdictions which include the cities of Colonial Heights, Emporia, Hopewell, and Petersburg, and the Counties of Sussex, Greensville, Surry, and Dinwiddie. 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. Sussex County contributed \$72,864 to the District 19 Community Services Board for the fiscal year ended June 30, 2020.

Note 21—Fair Value Measurements:

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

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

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

COUNTY OF SUSSEX, VIRGINIA

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

Note 21—Fair Value Measurements: (Continued)

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

Investment type	Balance June 30, 2020	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Primary Government				
Money market mutual fund:				
QZAB bond sinking fund 2005	\$ 969,422	\$ 969,422	\$ -	\$ -
QZAB bond sinking fund 2006	1,669,201	1,669,201	-	-
	<u>\$ 2,638,623</u>	<u>\$ 2,638,623</u>	<u>\$ -</u>	<u>\$ -</u>

Note 22—Line of Duty Act (LODA) (OPEB Benefits):

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

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

The current-year OPEB expense/expenditure for the insured benefits is defined as the amount of premiums or other payments required for the insured benefits for the reporting period in accordance with the agreement with the insurance company for LODA and a change in liability to the insurer equal to the difference between amounts recognized as OPEB expense and amounts paid by the employer to the insurer. The CCT/ABC's LODA coverage is fully covered or "insured" through VACORP. This is built into the LODA coverage cost presented in the annual renewals. The County's LODA premium for the year ended June 30, 2020 was \$36,997.

Note 23—Upcoming Pronouncements:

Statement No. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

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

Note 23—Upcoming Pronouncements: (Continued)

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

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

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

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

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

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

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

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

Note 23—Upcoming Pronouncements: (Continued)

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

Note 24—Subsequent Events:

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

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was passed by the federal government to alleviate some of the effects of the sharp economic downturn due to the COVID-19 pandemic. Among the CARES Act key provisions was \$339.8 billion designated for programs for state and local government, which included \$150 billion in direct aid for state and local governments from the federal Coronavirus Relief Fund (CRF), pursuant to the federal CARES Act, to address spending shortages related to the COVID-19 pandemic.

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

On May 12, 2020, the first round of the allocations to local governments was authorized by the Commonwealth. On June 1, 2020, each locality received its share of the first half, or fifty (50) percent, of the locally based allocations. Unspent funds at June 30 from the initial allocation are reported as unearned revenue. Like the first round, the second round of allocations was based on population and was for the same total amount distributed in the first round. County of Sussex, Virginia, received the second round of CRF funds in the amount of \$973,580 on July 28, 2020.

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

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

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	
REVENUES				
General property taxes	\$ 9,926,054	\$ 9,926,054	\$ 9,840,157	\$ (85,897)
Other local taxes	1,388,264	1,388,264	1,360,220	(28,044)
Permits, privilege fees, and regulatory licenses	69,260	69,260	81,849	12,589
Fines and forfeitures	1,050,000	1,050,000	1,019,225	(30,775)
Revenue from the use of money and property	117,550	117,550	172,540	54,990
Charges for services	6,261,165	6,262,116	6,121,251	(140,865)
Miscellaneous	51,500	76,997	172,712	95,715
Recovered costs	297,320	297,658	319,328	21,670
Intergovernmental:				
Commonwealth	4,929,849	4,965,073	4,859,351	(105,722)
Federal	1,309,496	1,309,496	1,500,720	191,224
Total revenues	<u>\$ 25,400,458</u>	<u>\$ 25,462,468</u>	<u>\$ 25,447,353</u>	<u>\$ (15,115)</u>
EXPENDITURES				
Current:				
General government administration	\$ 2,096,590	\$ 2,665,122	\$ 2,160,421	\$ 504,701
Judicial administration	1,361,029	1,359,137	1,300,786	58,351
Public safety	6,379,496	6,622,979	5,875,895	747,084
Public works	759,878	799,878	660,541	139,337
Health and welfare	3,197,020	3,197,020	2,793,474	403,546
Education	8,003,665	8,305,791	8,175,100	130,691
Parks, recreation, and cultural	231,698	231,698	236,698	(5,000)
Community development	1,104,645	3,299,130	1,857,527	1,441,603
Debt service:				
Principal retirement	1,311,397	1,311,397	1,311,397	-
Interest and other fiscal charges	487,698	487,698	321,000	166,698
Total expenditures	<u>\$ 24,933,116</u>	<u>\$ 28,279,850</u>	<u>\$ 24,692,839</u>	<u>\$ 3,587,011</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 467,342</u>	<u>\$ (2,817,382)</u>	<u>\$ 754,514</u>	<u>\$ 3,571,896</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (314,699)	\$ 1,346,682	\$ (3,358,108)	\$ (4,704,790)
Total other financing sources (uses)	<u>\$ (314,699)</u>	<u>\$ 1,346,682</u>	<u>\$ (3,358,108)</u>	<u>\$ (4,704,790)</u>
Net change in fund balances	\$ 152,643	\$ (1,470,700)	\$ (2,603,594)	\$ (1,132,894)
Fund balances - beginning	(152,643)	1,470,700	9,000,661	7,529,961
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,397,067</u>	<u>\$ 6,397,067</u>

County of Sussex, Virginia
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
Primary Government
Pension Plans
For the Measurement Dates of June 30, 2014 through June 30, 2019

	2019	2018
Total pension liability		
Service cost	\$ 637,710	\$ 645,675
Interest	1,648,032	1,688,267
Changes of assumptions	683,845	-
Differences between expected and actual experience	(422,526)	(1,726,334)
Benefit payments	(1,265,631)	(1,099,149)
Net change in total pension liability	\$ 1,281,430	\$ (491,541)
Total pension liability - beginning	24,176,129	24,667,670
Total pension liability - ending (a)	<u>\$ 25,457,559</u>	<u>\$ 24,176,129</u>
Plan fiduciary net position		
Contributions - employer	\$ 329,829	\$ 428,550
Contributions - employee	260,578	292,116
Net investment income	1,756,137	1,856,069
Benefit payments	(1,265,631)	(1,099,149)
Administror charges	(17,758)	(16,060)
Other	(1,103)	(1,650)
Net change in plan fiduciary net position	\$ 1,062,052	\$ 1,459,876
Plan fiduciary net position - beginning	26,577,089	25,117,213
Plan fiduciary net position - ending (b)	<u>\$ 27,639,141</u>	<u>\$ 26,577,089</u>
County's net pension liability (asset) - ending (a) - (b)	\$ (2,181,582)	\$ (2,400,960)
Plan fiduciary net position as a percentage of the total pension liability	108.57%	109.93%
Covered payroll	\$ 5,041,344	\$ 4,873,615
County's net pension liability (asset) as a percentage of covered payroll	-43.27%	-49.26%

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

Exhibit 10

2017	2016	2015	2014
\$ 684,571	\$ 627,879	\$ 645,288	\$ 590,927
1,659,491	1,596,021	1,491,519	1,406,176
(445,825)	-	-	-
(526,277)	(508,419)	174,511	-
(822,598)	(794,935)	(841,948)	(713,892)
\$ 549,362	\$ 920,546	\$ 1,469,370	\$ 1,283,211
24,118,308	23,197,762	21,728,392	20,445,181
<u>\$ 24,667,670</u>	<u>\$ 24,118,308</u>	<u>\$ 23,197,762</u>	<u>\$ 21,728,392</u>
\$ 421,878	\$ 534,939	\$ 507,532	\$ 575,363
236,561	254,475	236,929	246,243
2,756,617	393,097	983,229	2,902,874
(822,598)	(794,935)	(841,948)	(713,892)
(15,789)	(13,696)	(13,354)	(15,408)
(2,455)	(165)	(206)	153
\$ 2,574,214	\$ 373,715	\$ 872,182	\$ 2,995,333
22,542,999	22,169,284	21,297,102	18,301,769
<u>\$ 25,117,213</u>	<u>\$ 22,542,999</u>	<u>\$ 22,169,284</u>	<u>\$ 21,297,102</u>
\$ (449,543)	\$ 1,575,309	\$ 1,028,478	\$ 431,290
101.82%	93.47%	95.57%	98.02%
\$ 4,806,381	\$ 5,036,650	\$ 4,764,080	\$ 4,832,947
-9.35%	31.28%	21.59%	8.92%

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

	2019	2018
Total pension liability		
Service cost	\$ 84,187	\$ 79,263
Interest	236,713	227,102
Changes of assumptions	95,125	-
Differences between expected and actual experience	17,929	(1,973)
Benefit payments	(168,823)	(165,357)
Net change in total pension liability	\$ 265,131	\$ 139,035
Total pension liability - beginning	3,466,026	3,326,991
Total pension liability - ending (a)	<u>\$ 3,731,157</u>	<u>\$ 3,466,026</u>
Plan fiduciary net position		
Contributions - employer	\$ 26,101	\$ 42,138
Contributions - employee	43,048	43,896
Net investment income	253,843	269,090
Benefit payments	(168,823)	(165,357)
Administrator charges	(2,558)	(2,343)
Other	(160)	(239)
Net change in plan fiduciary net position	\$ 151,451	\$ 187,185
Plan fiduciary net position - beginning	3,844,564	3,657,379
Plan fiduciary net position - ending (b)	<u>\$ 3,996,015</u>	<u>\$ 3,844,564</u>
School Division's net pension liability (asset) - ending (a) - (b)	\$ (264,858)	\$ (378,538)
Plan fiduciary net position as a percentage of the total pension liability	107.10%	110.92%
Covered payroll	\$ 899,274	\$ 910,707
School Division's net pension liability (asset) as a percentage of covered payroll	-29.45%	-41.57%

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

Exhibit 11

	2017	2016	2015	2014
\$	97,336	\$ 107,869	\$ 123,372	\$ 128,063
	230,820	225,719	216,841	202,821
	(53,745)	-	-	-
	(159,599)	(59,657)	(32,090)	-
	(170,493)	(231,619)	(130,986)	(130,207)
\$	(55,681)	\$ 42,312	\$ 177,137	\$ 200,677
	3,382,672	3,340,360	3,163,223	2,962,546
\$	<u>3,326,991</u>	<u>3,382,672</u>	<u>3,340,360</u>	<u>3,163,223</u>
\$	41,054	\$ 75,486	\$ 80,878	\$ 100,515
	42,611	47,846	51,355	53,467
	402,899	56,606	149,384	441,674
	(170,493)	(231,619)	(130,986)	(130,207)
	(2,361)	(2,147)	(2,015)	(2,339)
	(357)	(25)	(33)	23
\$	313,353	\$ (53,853)	\$ 148,583	\$ 463,133
	3,344,026	3,397,879	3,249,296	2,786,163
\$	<u>3,657,379</u>	<u>3,344,026</u>	<u>3,397,879</u>	<u>3,249,296</u>
\$	(330,388)	\$ 38,646	\$ (57,519)	\$ (86,073)
	109.93%	98.86%	101.72%	102.72%
\$	867,985	\$ 969,777	\$ 1,020,209	\$ 1,078,493
	-38.06%	3.99%	-5.64%	-7.98%

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

	2019	2018
Employer's Proportion of the Net Pension Liability (Asset)	0.09581%	0.09814%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 12,609,141	\$ 11,541,000
Employer's Covered Payroll	7,959,969	7,934,247
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	158.41%	145.46%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.51%	74.81%

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

Exhibit 12

	2017	2016	2015	2014
	0.09744%	0.10150%	0.09911%	0.10465%
\$	11,983,000	\$ 14,224,000	\$ 12,474,000	\$ 12,646,000
	7,652,585	8,594,033	7,368,917	7,650,889
	156.59%	165.51%	169.28%	165.29%
	72.92%	68.28%	70.68%	70.88%

Schedule of Employer Contributions - Pension Plans

Pension Plans

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

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2020	\$ 334,962	\$ 334,962	\$ -	\$ 5,192,869	6.45%
2019	328,953	328,953	-	5,041,344	6.53%
2018	428,550	428,550	-	4,873,615	8.79%
2017	421,878	421,878	-	4,806,381	8.78%
2016	534,939	534,939	-	5,036,650	10.62%
2015	507,532	507,532	-	4,764,080	10.65%
2014	569,321	569,321	-	4,832,947	11.78%
2013	552,091	552,091	-	4,686,680	11.78%
2012	499,215	499,215	-	4,538,320	11.00%
2011	509,999	509,999	-	4,636,352	11.00%
Component Unit School Board (nonprofessional)					
2020	\$ 25,663	\$ 25,663	\$ -	\$ 923,134	2.78%
2019	26,100	26,100	-	899,274	2.90%
2018	42,138	42,138	-	910,707	4.63%
2017	41,054	41,054	-	867,985	4.73%
2016	73,024	75,486	(2,462)	969,777	7.78%
2015	76,822	80,878	(4,056)	1,020,209	7.93%
2014	101,378	101,378	-	1,078,493	9.40%
2013	104,658	104,658	-	1,113,386	9.40%
2012	81,926	81,926	-	1,043,648	7.85%
2011	81,505	81,505	-	1,038,274	7.85%
Component Unit School Board (professional)					
2020	\$ 1,265,001	\$ 1,265,001	\$ -	\$ 8,274,107	15.29%
2019	1,227,086	1,227,086	-	7,959,969	15.42%
2018	1,269,250	1,269,250	-	7,934,247	16.00%
2017	1,108,719	1,108,719	-	7,652,585	14.49%
2016	1,208,321	1,208,321	-	8,594,033	14.06%
2015	1,068,493	1,068,493	-	7,368,917	14.50%
2014	892,094	892,094	-	7,650,889	11.66%
2013	911,686	911,686	-	14,402,622	6.33%
2012	486,617	486,617	-	12,382,112	3.93%
2011	276,392	276,392	-	3,137,253	8.81%

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

Changes of benefit terms - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

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

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

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

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

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

Component Unit School Board - Professional Employees:

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

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

Exhibit 15

Date	Employer's Proportion of the Net GLI OPEB Liability (Asset)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability
(1)	(2)	(3)	(4)	(5)	(6)
Primary Government:					
2019	0.02579% \$	419,671 \$	5,056,308	8.30%	52.00%
2018	0.02563%	389,000	4,873,615	7.98%	51.22%
2017	0.02613%	393,000	4,819,215	8.15%	48.86%
Component Unit School Board (nonprofessional):					
2019	0.00459% \$	74,692 \$	899,274	8.31%	52.00%
2018	0.00480%	72,000	912,613	7.89%	51.22%
2017	0.00471%	71,000	867,985	8.18%	48.86%
Component Unit School Board (professional):					
2019	0.04075% \$	663,111 \$	7,988,369	8.30%	52.00%
2018	0.04160%	632,000	7,910,861	7.99%	51.22%
2017	0.04156%	626,000	7,665,191	8.17%	48.86%

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

County of Sussex, Virginia
Schedule of Employer Contributions
Group Life Insurance (GLI) Plan
For the Years Ended June 30, 2011 through June 30, 2020

Exhibit 16

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government:					
2020	\$ 27,060	\$ 27,060	\$ -	\$ 5,203,775	0.52%
2019	26,293	26,293	-	5,056,308	0.52%
2018	25,343	25,343	-	4,873,615	0.52%
2017	25,060	25,060	-	4,819,215	0.52%
2016	24,201	24,201	-	5,041,793	0.48%
2015	22,903	22,903	-	4,771,418	0.48%
2014	23,293	23,293	-	4,852,659	0.48%
2013	22,542	22,542	-	4,696,262	0.48%
2012	12,707	12,707	-	4,538,320	0.28%
2011	12,982	12,982	-	4,636,352	0.28%
Component Unit School Board (nonprofessional):					
2020	\$ 4,800	\$ 4,800	\$ -	\$ 923,134	0.52%
2019	4,676	4,676	-	899,274	0.52%
2018	4,746	4,746	-	912,613	0.52%
2017	4,514	4,514	-	867,985	0.52%
2016	4,704	4,704	-	980,058	0.48%
2015	4,897	4,897	-	1,020,209	0.48%
2014	5,193	5,193	-	1,081,809	0.48%
2013	5,344	5,344	-	1,113,386	0.48%
2012	2,922	2,922	-	1,043,648	0.28%
2011	2,907	2,907	-	1,038,274	0.28%
Component Unit School Board (professional):					
2020	\$ 43,162	\$ 43,162	\$ -	\$ 8,300,347	0.52%
2019	41,540	41,540	-	7,988,369	0.52%
2018	41,136	41,136	-	7,910,861	0.52%
2017	39,859	39,859	-	7,665,191	0.52%
2016	37,238	37,238	-	7,758,000	0.48%
2015	35,650	35,650	-	7,427,037	0.48%
2014	36,757	36,757	-	7,657,742	0.48%
2013	37,411	37,411	-	7,793,988	0.48%
2012	21,525	21,525	-	7,687,473	0.28%
2011	22,455	22,455	-	8,019,733	0.28%

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

Changes of benefit terms - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

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

Teachers

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

Non-Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

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

Exhibit 18

Date (1)	Employer's Proportion of the Net HIC OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability (6)
2019	0.09482%	\$ 1,241,286	\$ 7,952,833	15.61%	8.97%
2018	0.09770%	1,241,000	7,901,203	15.71%	8.08%
2017	0.09702%	1,231,000	7,656,638	16.08%	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 School Board's Share of Net OPEB Liability

Schedule of Employer Contributions

Teacher Employee Health Insurance Credit (HIC) Plan

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

Date	Contributions in Relation to			Contributions	
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	as a % of Covered Payroll (5)
2020	\$ 99,289	\$ 99,289	\$ -	\$ 8,274,107	1.20%
2019	95,434	95,434		7,952,833	1.20%
2018	97,185	97,185		7,901,203	1.23%
2017	84,989	84,989		7,656,638	1.11%
2016	82,031	82,031		7,738,790	1.06%
2015	78,111	78,111		7,368,915	1.06%
2014	84,950	84,950		7,653,156	1.11%
2013	86,306	86,306		7,775,357	1.11%
2012	46,125	46,125		7,687,473	0.60%
2011	48,210	48,210		8,035,017	0.60%

Changes of benefit terms - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

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

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

Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios

Primary Government

For the Years Ended June 30, 2019 through June 30, 2020

	2020	2019	2018
Total OPEB liability			
Service cost	\$ 13,000	\$ 13,000	\$ 17,000
Interest	10,000	9,000	9,000
Differences between expected and actual experience	69,000	14,000	(69,000)
Contributions - employer	(28,000)	(13,000)	(13,000)
Assumption changes	10,000	(2,000)	(12,000)
Net change in total OPEB liability	\$ 74,000	\$ 21,000	\$ (68,000)
Total OPEB liability - beginning	269,000	248,000	316,000
Total OPEB liability - ending	<u>\$ 343,000</u>	<u>\$ 269,000</u>	<u>\$ 248,000</u>
Covered employee payroll	\$ 3,907,000	\$ 4,009,000	\$ 4,009,000
County's total OPEB liability (asset) as a percentage of covered-employee payroll	8.78%	6.71%	6.19%

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

Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios

Component Unit School Board

For the Years Ended June 30, 2018 through June 30, 2020

	2020	2019	2018
Total OPEB liability			
Service cost	\$ 44,000	\$ 48,000	\$ 62,000
Interest	25,000	24,000	32,000
Differences between expected and actual experience	(184,000)	59,000	(419,000)
Contributions - employer	(43,000)	(36,000)	(18,000)
Assumption changes	17,000	(74,000)	(37,000)
Net change in total OPEB liability	\$ (141,000)	\$ 21,000	\$ (380,000)
Total OPEB liability - beginning	675,000	654,000	1,034,000
Total OPEB liability - ending	<u>\$ 534,000</u>	<u>\$ 675,000</u>	<u>\$ 654,000</u>
Covered employee payroll	\$ 7,620,000	\$ 7,651,000	\$ 6,788,000
School Board's total OPEB liability (asset) as a percentage of covered-employee payroll	7.01%	8.82%	9.63%

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

Notes to Required Supplementary Information - Primary Government OPEB
For the Year Ended June 30, 2020

Valuation Date: 7/1/2019
Measurement Date: 7/1/2019

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	3.13% based on the Municipal GO AA 20-year yield curve rate as of measurement date
Inflation	Not available
Healthcare Trend Rate	5.50% for fiscal year end 2020, decreasing 0.50% per year to an ultimate rate of 5.00%
Salary Increase Rates	The salary increase rate was 2.50% per annum
Retirement Age	The average age of retirement is 65
Mortality Rates	RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2019

Notes to Required Supplementary Information - Component Unit School Board OPEB
For the Year Ended June 30, 2020

Valuation Date: 7/1/2019
Measurement Date: 7/1/2019

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	3.13% based on the Municipal GO AA 20-year yield curve rate as of measurement date
Inflation	Not available
Healthcare Trend Rate	5.50% for fiscal year end 2020, decreasing 0.50% per year to an ultimate rate of 5.00%
Salary Increase Rates	The salary increase rate was 2.50% per annum
Retirement Age	The average age of retirement is 65
Mortality Rates	RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2019

OTHER SUPPLEMENTARY INFORMATION

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*COMBINING AND INDIVIDUAL FUND FINANCIAL
STATEMENTS AND SCHEDULES*

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 106,910	\$ 106,910
Miscellaneous	-	-	108,697	108,697
Intergovernmental:				
Commonwealth	-	-	523,375	523,375
Total revenues	\$ -	\$ -	\$ 738,982	\$ 738,982
EXPENDITURES				
Current:				
Education	\$ 27,000	\$ 27,000	\$ 27,000	\$ -
Capital projects	407,829	1,106,470	947,998	158,472
Debt service:				
Principal retirement	57,751	57,751	57,751	-
Interest and other fiscal charges	10,643	10,643	10,643	-
Total expenditures	\$ 503,223	\$ 1,201,864	\$ 1,043,392	\$ 158,472
Excess (deficiency) of revenues over (under) expenditures	\$ (503,223)	\$ (1,201,864)	\$ (304,410)	\$ 897,454
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 503,223	\$ 3,358,223	\$ 3,358,108	\$ (115)
Total other financing sources (uses)	\$ 503,223	\$ 3,358,223	\$ 3,358,108	\$ (115)
Net change in fund balances	\$ -	\$ 2,156,359	\$ 3,053,698	\$ 897,339
Fund balances - beginning	-	(2,156,359)	6,874,598	9,030,957
Fund balances - ending	\$ -	\$ -	\$ 9,928,296	\$ 9,928,296

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

	County Special Revenue Fund				
	Budgeted Amounts				Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>		
REVENUES					
Revenue from the use of money and property	\$ 16	\$ 16	\$ 403	\$	387
Charges for services	750	750	1,283		533
Total revenues	<u>\$ 766</u>	<u>\$ 766</u>	<u>\$ 1,686</u>	<u>\$</u>	<u>920</u>
EXPENDITURES					
Current:					
Judicial administration	\$ 766	\$ 766	\$ 342	\$	424
Public safety	-	18,191	4,195		13,996
Total expenditures	<u>\$ 766</u>	<u>\$ 18,957</u>	<u>\$ 4,537</u>	<u>\$</u>	<u>14,420</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (18,191)</u>	<u>\$ (2,851)</u>	<u>\$</u>	<u>15,340</u>
Net change in fund balances	\$ -	\$ (18,191)	\$ (2,851)	\$	15,340
Fund balances - beginning	-	18,191	47,315		29,124
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44,464</u>	<u>\$</u>	<u>44,464</u>

County of Sussex, Virginia
Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2020

	Agency Funds					Private Purpose Trust Funds				
	Special Welfare	Sheriff Information	Canteen	Jail Inmate	Total	Robert Mitchell Scholarship	Rotary Scholarship	Richard Clements Moore III Scholarship	Total	
ASSETS										
Cash and cash equivalents	\$ 55,131	\$ 2,745	\$ 3,311	\$ 9,553	\$ 70,740	\$ 26,202	\$ 33,437	\$ 33,568	\$ 93,207	
Total assets	<u>\$ 55,131</u>	<u>\$ 2,745</u>	<u>\$ 3,311</u>	<u>\$ 9,553</u>	<u>\$ 70,740</u>	<u>\$ 26,202</u>	<u>\$ 33,437</u>	<u>\$ 33,568</u>	<u>\$ 93,207</u>	
LIABILITIES										
Unearned revenue	\$ 25,000	\$ -	\$ -	\$ -	\$ 25,000	\$ -	\$ -	\$ -	\$ -	
Amounts held for social services clients	30,131	-	-	-	30,131	-	-	-	-	
Amounts held for others	-	2,745	-	-	2,745	-	-	-	-	
Amounts held for inmates	-	-	3,311	9,553	12,864	-	-	-	-	
Total liabilities	<u>\$ 55,131</u>	<u>\$ 2,745</u>	<u>\$ 3,311</u>	<u>\$ 9,553</u>	<u>\$ 70,740</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
NET POSITION										
Amounts held in trust for scholarships	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,202	\$ 33,437	\$ 33,568	\$ 93,207	
Total net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,202</u>	<u>\$ 33,437</u>	<u>\$ 33,568</u>	<u>\$ 93,207</u>	
Total liabilities and net position	<u>\$ 55,131</u>	<u>\$ 2,745</u>	<u>\$ 3,311</u>	<u>\$ 9,553</u>	<u>\$ 70,740</u>	<u>\$ 26,202</u>	<u>\$ 33,437</u>	<u>\$ 33,568</u>	<u>\$ 93,207</u>	

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

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Special Welfare:				
Assets:				
Cash and cash equivalents	\$ 11,354	\$ 51,609	\$ 7,832	\$ 55,131
Total assets	<u>\$ 11,354</u>	<u>\$ 51,609</u>	<u>\$ 7,832</u>	<u>\$ 55,131</u>
Liabilities:				
Unearned revenue	\$ -	\$ 25,000	\$ -	\$ 25,000
Amounts held for social services clients	11,354	26,609	7,832	30,131
	<u>\$ 11,354</u>	<u>\$ 51,609</u>	<u>\$ 7,832</u>	<u>\$ 55,131</u>
Sheriff Information:				
Assets:				
Cash and cash equivalents	\$ 2,745	\$ -	\$ -	\$ 2,745
Liabilities:				
Amounts held for others	\$ 2,745	\$ -	\$ -	\$ 2,745
Total liabilities	<u>\$ 2,335</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,745</u>
Canteen:				
Assets:				
Cash and cash equivalents	\$ 837	\$ 8,238	\$ 5,764	\$ 3,311
Liabilities:				
Amounts held for inmates	\$ 837	\$ 8,238	\$ 5,764	\$ 3,311
Jail Inmate:				
Assets:				
Cash and cash equivalents	\$ 6,785	\$ 51,688	\$ 48,920	\$ 9,553
Liabilities:				
Amounts held for inmates	\$ 6,785	\$ 51,688	\$ 48,920	\$ 9,553
Totals -- All Agency Funds				
Assets:				
Cash and cash equivalents	\$ 21,721	\$ 111,535	\$ 62,516	\$ 70,740
Total assets	<u>\$ 21,721</u>	<u>\$ 111,535</u>	<u>\$ 62,516</u>	<u>\$ 70,740</u>
Liabilities:				
Unearned revenue	\$ -	\$ 25,000	\$ -	\$ 25,000
Amounts held for inmates	7,622	59,926	54,684	12,864
Amounts held for others	2,745	-	-	2,745
Amounts held for social services clients	11,354	26,609	7,832	30,131
Total liabilities	<u>\$ 21,721</u>	<u>\$ 111,535</u>	<u>\$ 62,516</u>	<u>\$ 70,740</u>

*DISCRETELY PRESENTED COMPONENT UNIT
SCHOOL BOARD*

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County of Sussex, Virginia
Combining Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2020

	School Operating <u>Fund</u>	School Special Revenue <u>Fund</u>	Total Governmental <u>Funds</u>
ASSETS			
Cash and cash equivalents	2,554,336	265,398	\$ 2,819,734
Receivables (net of allowance for uncollectibles):			
Accounts receivable	3,821	-	3,821
Due from other governmental units	705,115	36,880	741,995
Prepaid items	125,726	-	125,726
Total assets	<u>\$ 3,388,998</u>	<u>\$ 302,278</u>	<u>\$ 3,691,276</u>
LIABILITIES			
Accounts payable	71,162	72,759	\$ 143,921
Accrued liabilities	1,290,154	49,459	1,339,613
Unearned revenue	681,107	-	681,107
Due to other governmental units	1,220,849	-	1,220,849
Total liabilities	<u>\$ 3,263,272</u>	<u>\$ 122,218</u>	<u>\$ 3,385,490</u>
FUND BALANCES			
Nonspendable	\$ 125,726	\$ -	\$ 125,726
Committed:			
School cafeteria fund	-	18,903	18,903
School textbook fund	-	161,157	161,157
Total fund balances	<u>\$ 125,726</u>	<u>\$ 180,060</u>	<u>\$ 305,786</u>
Total liabilities and fund balances	<u>\$ 3,388,998</u>	<u>\$ 302,278</u>	<u>\$ 3,691,276</u>

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

Total fund balances per above \$ 305,786

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The following is a summary of items supporting this adjustment:

Capital assets, cost	\$ 32,734,165	
Accumulated depreciation	<u>(13,406,201)</u>	19,327,964

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

Pension related items	\$ 2,748,965	
OPEB related items	<u>324,648</u>	3,073,613

The net pension asset is not an available resource and, therefore, is not reported in the funds. 264,858

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

VRS early retirement liability	\$ (416,419)	
Net OPEB liabilities	(2,513,089)	
Net pension liability	(12,609,141)	
Compensated absences	<u>(280,844)</u>	(15,819,493)

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

Pension related items	\$ (1,686,973)	
OPEB related items	<u>(543,758)</u>	(2,230,731)

Net position of governmental activities \$ 4,921,997

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

	School Operating Fund	School Special Revenue Fund	Total Governmental Funds
REVENUES			
Revenue from the use of money and property	\$ 2,099	\$ 140	\$ 2,239
Charges for services	-	112,591	112,591
Miscellaneous	98,681	-	98,681
Intergovernmental:			
Local government	8,163,484	35,621	8,199,105
Commonwealth	8,811,900	83,896	8,895,796
Federal	895,496	727,578	1,623,074
Total revenues	<u>\$ 17,971,660</u>	<u>\$ 959,826</u>	<u>\$ 18,931,486</u>
EXPENDITURES			
Current:			
Education	\$ 17,816,962	\$ 1,117,836	\$ 18,934,798
Debt service:			
Principal retirement	113,204	-	113,204
Interest and other fiscal charges	41,494	-	41,494
Total expenditures	<u>\$ 17,971,660</u>	<u>\$ 1,117,836</u>	<u>\$ 19,089,496</u>
Net change in fund balances	\$ -	\$ (158,010)	\$ (158,010)
Fund balances - beginning	125,726	338,070	463,796
Fund balances - ending	<u>\$ 125,726</u>	<u>\$ 180,060</u>	<u>\$ 305,786</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 \$ (158,010)

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.

Jointly owned asset allocation	\$	905,956	
Capital outlays		275,086	
Depreciation expense		<u>(885,361)</u>	295,681

The issuance of long-term obligations (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term obligations 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 obligations and related items.

VRS early retirement liability - principal payment	\$	85,567	
Principal retirement on capital lease		<u>27,637</u>	113,204

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

Change in compensated absences	\$	125,183	
Pension expense		190,167	
OPEB expense		<u>150,151</u>	465,501

Change in net position of governmental activities	\$	<u>716,376</u>	
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County of Sussex, Virginia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2020

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 1,000	\$ 1,000	\$ 2,099	\$ 1,099
Miscellaneous	193,500	193,500	98,681	(94,819)
Intergovernmental:				
Local government	7,990,549	8,292,675	8,163,484	(129,191)
Commonwealth	9,096,167	9,096,167	8,811,900	(284,267)
Federal	1,316,928	1,316,928	895,496	(421,432)
Total revenues	\$ 18,598,144	\$ 18,900,270	\$ 17,971,660	\$ (928,610)
EXPENDITURES				
Current:				
Education	\$ 18,443,446	\$ 18,745,572	\$ 17,816,962	\$ 928,610
Debt service:				
Principal retirement	113,204	113,204	113,204	-
Interest and other fiscal charges	41,494	41,494	41,494	-
Total expenditures	\$ 18,598,144	\$ 18,900,270	\$ 17,971,660	\$ 928,610
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	125,726	125,726
Fund balances - ending	\$ -	\$ -	\$ 125,726	\$ 125,726

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

	School Special Revenue Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 140	\$ 140
Charges for services	155,355	155,355	112,591	(42,764)
Intergovernmental:				
Local government	35,621	35,621	35,621	-
Commonwealth	83,916	83,916	83,896	(20)
Federal	672,750	725,937	727,578	1,641
Total revenues	<u>\$ 947,642</u>	<u>\$ 1,000,829</u>	<u>\$ 959,826</u>	<u>\$ (41,003)</u>
EXPENDITURES				
Current:				
Education	\$ 947,642	\$ 1,000,829	\$ 1,117,836	\$ (117,007)
Total expenditures	<u>\$ 947,642</u>	<u>\$ 1,000,829</u>	<u>\$ 1,117,836</u>	<u>\$ (117,007)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (158,010)</u>	<u>\$ (158,010)</u>
Net change in fund balances	\$ -	\$ -	\$ (158,010)	\$ (158,010)
Fund balances - beginning	-	-	338,070	338,070
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 180,060</u>	<u>\$ 180,060</u>

SUPPORTING SCHEDULES

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

Schedule 1
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 5,289,150	5,289,150	\$ 5,205,138	\$ (84,012)
Real and personal public service corporation taxes	749,544	749,544	766,419	16,875
Personal property taxes	2,683,785	2,683,785	2,449,363	(234,422)
Mobile home taxes	13,497	13,497	14,909	1,412
Machinery and tools taxes	945,942	945,942	1,120,472	174,530
Merchants capital taxes	72,136	72,136	81,905	9,769
Penalties	90,000	90,000	118,577	28,577
Interest	82,000	82,000	83,374	1,374
Total general property taxes	\$ 9,926,054	9,926,054	\$ 9,840,157	\$ (85,897)
Other local taxes:				
Local sales and use taxes	\$ 928,054	928,054	\$ 929,808	\$ 1,754
Consumers' utility taxes	90,000	90,000	93,110	3,110
Consumption tax	35,000	35,000	36,783	1,783
Business license taxes	42,130	42,130	29,812	(12,318)
Motor vehicle licenses	225,080	225,080	222,586	(2,494)
Bank stock taxes	6,000	6,000	-	(6,000)
Transient occupancy taxes	62,000	62,000	48,121	(13,879)
Total other local taxes	\$ 1,388,264	1,388,264	\$ 1,360,220	\$ (28,044)
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 5,000	5,000	\$ 5,500	\$ 500
Transfer fees	360	360	403	43
Permits and other licenses	63,900	63,900	75,946	12,046
Total permits, privilege fees, and regulatory licenses	\$ 69,260	69,260	\$ 81,849	\$ 12,589
Fines and forfeitures:				
Court fines and forfeitures	\$ 1,050,000	1,050,000	\$ 1,019,225	\$ (30,775)
Total fines and forfeitures	\$ 1,050,000	1,050,000	\$ 1,019,225	\$ (30,775)
Revenue from use of money and property:				
Revenue from use of money	\$ 60,050	60,050	\$ 115,226	\$ 55,176
Revenue from use of property	57,500	57,500	57,314	(186)
Total revenue from use of money and property	\$ 117,550	117,550	\$ 172,540	\$ 54,990
Charges for services:				
Sheriff fees	\$ 665	768	\$ 773	\$ 5
Charges for court costs	2,600	2,600	1,849	(751)
Charges for Commonwealth's Attorney	1,800	1,800	1,697	(103)
Courthouse security fees	132,000	132,000	102,567	(29,433)
Charges for courthouse maintenance fees	27,600	27,600	20,038	(7,562)
Charges for correction and detention	4,300	5,148	4,070	(1,078)
Charges for other protection	3,800	3,800	4,038	238
Charges for sanitation and waste removal:				
Tipping fees	5,700,000	5,700,000	5,591,223	(108,777)
Quality control fees	375,000	375,000	375,000	-

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

Schedule 1
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Charges for services: (Continued)				
Charges for community development	\$ 10,000	10,000	\$ 9,577	\$ (423)
Other charges for services	3,400	3,400	10,419	7,019
Total charges for services	<u>\$ 6,261,165</u>	<u>6,262,116</u>	<u>\$ 6,121,251</u>	<u>\$ (140,865)</u>
Miscellaneous:				
Miscellaneous	\$ 51,500	76,997	\$ 172,712	\$ 95,715
Recovered costs:				
Wakefield sheriff patrol	\$ 56,000	56,000	\$ 60,616	\$ 4,616
Jurors	5,000	5,000	1,819	(3,181)
Jail clean up	10,000	10,338	13,656	3,318
Clerk of the circuit court	1,000	1,000	1,193	193
Indoor plumbing	2,000	2,000	800	(1,200)
CDBG housing loan payments	3,400	3,400	-	(3,400)
VHDA	88,000	88,000	88,093	93
Waverly rescue	123,220	123,220	123,220	-
Other recovered costs	8,700	8,700	29,931	21,231
Total recovered costs	<u>\$ 297,320</u>	<u>297,658</u>	<u>\$ 319,328</u>	<u>\$ 21,670</u>
Total revenue from local sources	<u>\$ 19,161,113</u>	<u>19,187,899</u>	<u>\$ 19,087,282</u>	<u>\$ (100,617)</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Rolling stock tax	\$ 82,000	82,000	\$ 76,811	\$ (5,189)
Mobile home titling tax	12,500	12,500	15,743	3,243
Taxes on deeds	62,000	62,000	82,160	20,160
Motor vehicle rental tax	-	-	255	255
Payment in lieu of taxes-prison	49,710	49,710	39,543	(10,167)
State recordation tax	14,000	14,000	11,164	(2,836)
Personal property tax relief funds	1,093,152	1,093,152	1,093,152	-
Communication taxes	166,000	166,000	145,285	(20,715)
Total noncategorical aid	<u>\$ 1,479,362</u>	<u>1,479,362</u>	<u>\$ 1,464,113</u>	<u>\$ (15,249)</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 248,000	248,000	\$ 251,228	\$ 3,228
Sheriff	1,389,000	1,389,000	1,356,472	(32,528)
Commissioner of revenue	76,700	76,700	78,781	2,081
Treasurer	81,500	81,500	81,719	219
Registrar/electoral board	37,706	37,706	48,811	11,105
Clerk of circuit court	206,000	206,000	217,311	11,311
Local jails	105,000	105,000	101,356	(3,644)
Total shared expenses	<u>\$ 2,143,906</u>	<u>2,143,906</u>	<u>\$ 2,135,678</u>	<u>\$ (8,228)</u>

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

Schedule 1
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Other categorical aid:				
Public assistance and welfare administration	\$ 558,415	558,415	\$ 489,763	\$ (68,652)
Fire programs fund	-	-	32,098	32,098
Litter control	3,000	3,000	4,693	1,693
Comprehensive services act	551,942	551,942	457,473	(94,469)
Emergency medical services	9,900	24,400	7,700	(16,700)
Wireless funds	50,000	50,000	55,555	5,555
Victim-witness grant	48,264	48,264	19,701	(28,563)
Animal friendly plates	160	160	248	88
Timber sale	25,000	25,000	123,152	98,152
PSAP grant	-	1,974	1,974	-
School resource officer	59,900	59,900	32,590	(27,310)
Criminal justice grant	-	-	6,089	6,089
Other state grants	-	18,750	28,524	9,774
Total other categorical aid	\$ 1,306,581	1,341,805	\$ 1,259,560	\$ (82,245)
Total categorical aid	\$ 3,450,487	3,485,711	\$ 3,395,238	\$ (90,473)
Total revenue from the Commonwealth	\$ 4,929,849	4,965,073	\$ 4,859,351	\$ (105,722)
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 1,233,694	1,233,694	\$ 1,082,024	\$ (151,670)
Bulletproof vest grant	-	-	5,737	-
Victim-witness grant	59,102	59,102	59,102	-
Highway safety grant	16,700	16,700	11,150	(5,550)
Emergency management grant	-	-	7,500	7,500
CARES funding	-	-	12,543	12,543
CARES funding - VHDA	-	-	17,067	17,067
DHCD grant	-	-	305,597	305,597
Total categorical aid	\$ 1,309,496	1,309,496	\$ 1,500,720	\$ 185,487
Total revenue from the federal government	\$ 1,309,496	1,309,496	\$ 1,500,720	\$ 185,487
Total General Fund	\$ 25,400,458	25,462,468	\$ 25,447,353	\$ (20,852)
Special Revenue Fund:				
County Special Revenue Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 16	16	\$ 403	\$ 387
Total revenue from use of money and property	\$ 16	16	\$ 403	\$ 387

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

Schedule 1
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
Special Revenue Fund: (Continued)				
County Special Revenue Fund: (Continued)				
Charges for services:				
Law library fees	\$ 750	750	\$ 1,283	\$ 533
Total charges for services	\$ 750	750	\$ 1,283	\$ 533
 Total revenue from local sources	 \$ 766	 766	 \$ 1,686	 \$ 920
 Total County Special Revenue Fund	 \$ 766	 766	 \$ 1,686	 \$ 920
 Capital Projects Fund:				
County Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	-	\$ 106,910	\$ 106,910
 Miscellaneous:				
Sale of timber	\$ -	-	\$ 108,697	\$ 108,697
 Total revenue from local sources	 \$ -	 -	 \$ 215,607	 \$ 215,607
 Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Tobacco commission grants	\$ -	-	\$ 523,375	\$ 523,375
 Total revenue from the Commonwealth	 \$ -	 -	 \$ 523,375	 \$ 523,375
 Total County Capital Projects Fund	 \$ -	 -	 \$ 738,982	 \$ 738,982
 Total Primary Government	 \$ 25,401,224	 25,463,234	 \$ 26,188,021	 \$ 719,050
 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 property	\$ 1,000	1,000	\$ 2,099	\$ 1,099
Total revenue from use of money and property	\$ 1,000	1,000	\$ 2,099	\$ 1,099
 Miscellaneous:				
Miscellaneous	\$ 193,500	193,500	\$ 98,681	\$ (94,819)
Total miscellaneous	\$ 193,500	193,500	\$ 98,681	\$ (94,819)
 Total revenue from local sources	 \$ 194,500	 194,500	 \$ 100,780	 \$ (93,720)

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

Schedule 1
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	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 Sussex	\$ 7,990,549	8,292,675	\$ 8,163,484	\$ (129,191)
Total revenues from local governments	\$ 7,990,549	8,292,675	\$ 8,163,484	\$ (129,191)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 1,433,264	1,433,264	\$ 1,465,399	\$ 32,135
Basic school aid	3,566,305	3,566,305	3,608,041	41,736
Remedial summer education	61,859	61,859	51,494	(10,365)
Regular foster care	-	-	8,776	8,776
Gifted and talented	32,449	32,449	32,892	443
Remedial education	227,144	227,144	230,245	3,101
Special education	586,735	586,735	594,745	8,010
Vocational education	154,962	154,962	157,077	2,115
School fringes	737,723	737,723	747,794	10,071
Mentor teacher program	619	619	1,475	856
Early reading intervention	34,859	34,859	32,681	(2,178)
English as a second language	7,455	7,455	8,770	1,315
Special education - foster children	44,283	44,283	15,034	(29,249)
At risk payments	527,810	527,810	535,463	7,653
Standards of Learning algebra readiness	26,482	26,482	26,790	308
Primary class size	384,758	384,758	383,538	(1,220)
Educational technology	466,134	466,134	134,141	(331,993)
Homebound	2,342	2,342	1,493	(849)
Supplemental per pupil allocation	243,389	243,389	245,691	2,302
VPI	94,836	94,836	57,726	(37,110)
Other state funds	462,759	462,759	472,635	9,876
Total revenue from the commonwealth	\$ 9,096,167	9,096,167	\$ 8,811,900	\$ (284,267)
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 496,134	496,134	\$ 386,563	\$ (109,571)
Title VI-B, special education flow-through	299,334	299,334	256,516	(42,818)
Vocational education	34,633	34,633	33,192	(1,441)
Title VI-B, special education pre-school	9,463	9,463	11,958	2,495
Rural education	18,993	18,993	4,910	(14,083)
Title II Part A	66,853	66,853	68,247	1,394
Gear up	68,153	68,153	42,381	(25,772)
JROTC	72,000	72,000	82,692	10,692
Other federal funds	251,365	251,365	9,037	(242,328)
Total revenue from the federal government	\$ 1,316,928	1,316,928	\$ 895,496	\$ (421,432)
Total School Operating Fund	\$ 18,598,144	18,900,270	\$ 17,971,660	\$ (928,610)

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

Schedule 1
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (Continued)				
Special Revenue Fund:				
School Special Revenue Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	-	\$ 140	\$ 140
Total revenue from use of money and property	\$ -	-	\$ 140	\$ 140
Charges for services:				
Cafeteria sales	\$ 155,355	155,355	\$ 112,591	\$ (42,764)
Total charges for services	\$ 155,355	155,355	\$ 112,591	\$ (42,764)
Total revenue from local sources	\$ 155,355	155,355	\$ 112,731	\$ (42,624)
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Sussex	\$ 35,621	35,621	\$ 35,621	\$ -
Total revenues from local governments	\$ 35,621	35,621	\$ 35,621	\$ -
Revenue from the Commonwealth:				
Categorical aid:				
School food program	\$ 17,236	17,236	\$ 16,306	\$ (930)
Textbook payment	66,680	66,680	67,590	910
Total categorical aid	\$ 83,916	83,916	\$ 83,896	\$ (20)
Total revenue from the Commonwealth	\$ 83,916	83,916	\$ 83,896	\$ (20)
Revenue from the federal government:				
Categorical aid:				
School food program	\$ 647,500	647,500	\$ 547,609	\$ (99,891)
Commodities	-	53,187	53,187	-
Summer feeding	25,250	25,250	126,782	101,532
Total categorical aid	\$ 672,750	725,937	\$ 727,578	\$ 1,641
Total revenue from the federal government	\$ 672,750	725,937	\$ 727,578	\$ 1,641
Total School Special Revenue Fund	\$ 947,642	1,000,829	\$ 959,826	\$ (41,003)
Total Discretely Presented Component Unit - School Board	\$ 19,545,786	19,901,099	\$ 18,931,486	\$ (969,613)

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

Schedule 2
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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 165,920	\$ 205,920	\$ 160,066	\$ 45,854
General and financial administration:				
County administrator	\$ 869,406	\$ 1,393,041	\$ 976,035	\$ 417,006
Legal services	130,000	130,000	142,182	(12,182)
Commissioner of revenue	264,862	264,862	248,810	16,052
Treasurer	416,007	420,904	403,237	17,667
Central accounting	38,550	38,550	36,503	2,047
Other general and financial administration	6,000	6,000	10,858	(4,858)
Total general and financial administration	\$ 1,724,825	\$ 2,253,357	\$ 1,817,625	\$ 435,732
Board of elections:				
Electoral board and officials	\$ 205,845	\$ 205,845	\$ 182,730	\$ 23,115
Total general government administration	\$ 2,096,590	\$ 2,665,122	\$ 2,160,421	\$ 504,701
Judicial administration:				
Courts:				
Circuit court	\$ 38,607	\$ 38,607	\$ 32,430	\$ 6,177
General district court	44,308	44,308	27,888	16,420
Special magistrates	8,400	8,400	9,877	(1,477)
Juvenile and domestic relations court	12,262	12,262	12,262	-
Sheriff	224,871	224,871	192,354	32,517
Victim witness	107,366	105,474	138,886	(33,412)
Clerk of the circuit court	390,821	390,821	382,108	8,713
Total courts	\$ 826,635	\$ 824,743	\$ 795,805	\$ 28,938
Commonwealth's attorney:				
Commonwealth's attorney	\$ 534,394	\$ 534,394	\$ 504,981	\$ 29,413
Total commonwealth's attorney	\$ 534,394	\$ 534,394	\$ 504,981	\$ 29,413
Total judicial administration	\$ 1,361,029	\$ 1,359,137	\$ 1,300,786	\$ 58,351
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 2,064,713	\$ 2,094,798	\$ 1,820,412	\$ 274,386
School resource officer grant	122,771	122,771	89,912	32,859
911 services	198,770	200,663	153,705	46,958
Wakefield operations	56,954	56,954	52,637	4,317
Total law enforcement and traffic control	\$ 2,443,208	\$ 2,475,186	\$ 2,116,666	\$ 358,520
Fire and rescue services:				
Fire department	\$ 159,800	\$ 260,892	\$ 272,954	\$ (12,062)
Ambulance and rescue services	1,149,100	1,181,082	975,947	205,135
Forest fire extinction services	24,000	24,000	23,067	933
Emergency services	222,911	303,442	266,405	37,037
Total fire and rescue services	\$ 1,555,811	\$ 1,769,416	\$ 1,538,373	\$ 231,043

County of Sussex, Virginia
Schedule of Expenditures - Budget and Actual
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For the Year Ended June 30, 2020

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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Public safety: (Continued)				
Correction and detention:				
Confinement and care of prisoners	\$ 1,768,337	\$ 1,766,237	\$ 1,671,269	\$ 94,968
Crater youth care commission	112,061	112,061	111,879	182
Total correction and detention	<u>\$ 1,880,398</u>	<u>\$ 1,878,298</u>	<u>\$ 1,783,148</u>	<u>\$ 95,150</u>
Inspections:				
Building	\$ 247,120	\$ 247,120	\$ 205,396	\$ 41,724
Total inspections	<u>\$ 247,120</u>	<u>\$ 247,120</u>	<u>\$ 205,396</u>	<u>\$ 41,724</u>
Other protection:				
Animal control	\$ 252,959	\$ 252,959	\$ 232,312	\$ 20,647
Total other protection	<u>\$ 252,959</u>	<u>\$ 252,959</u>	<u>\$ 232,312</u>	<u>\$ 20,647</u>
Total public safety	<u>\$ 6,379,496</u>	<u>\$ 6,622,979</u>	<u>\$ 5,875,895</u>	<u>\$ 747,084</u>
Public works:				
Sanitation and waste removal:				
Refuse disposal	\$ 122,350	\$ 122,350	\$ 5,772	\$ 116,578
Total sanitation and waste removal	<u>\$ 122,350</u>	<u>\$ 122,350</u>	<u>\$ 5,772</u>	<u>\$ 116,578</u>
Maintenance of general buildings and grounds:				
General properties	\$ 545,528	\$ 545,528	\$ 536,588	\$ 8,940
General works	92,000	132,000	118,181	13,819
Total maintenance of general buildings and grounds	<u>\$ 637,528</u>	<u>\$ 677,528</u>	<u>\$ 654,769</u>	<u>\$ 22,759</u>
Total public works	<u>\$ 759,878</u>	<u>\$ 799,878</u>	<u>\$ 660,541</u>	<u>\$ 139,337</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 198,317	\$ 198,317	\$ 198,317	-
Total health	<u>\$ 198,317</u>	<u>\$ 198,317</u>	<u>\$ 198,317</u>	<u>-</u>
Mental health and mental retardation:				
Community services board	\$ 71,811	\$ 71,811	\$ 72,864	\$ (1,053)
Total mental health and mental retardation	<u>\$ 71,811</u>	<u>\$ 71,811</u>	<u>\$ 72,864</u>	<u>\$ (1,053)</u>
Welfare:				
Public assistance and welfare administration	\$ 2,127,832	\$ 2,127,832	\$ 1,904,894	\$ 222,938
Area agency on aging	7,060	7,060	-	7,060
Other social services	67,000	67,000	107,000	(40,000)
Comprehensive services act	725,000	725,000	510,399	214,601
Total welfare	<u>\$ 2,926,892</u>	<u>\$ 2,926,892</u>	<u>\$ 2,522,293</u>	<u>\$ 404,599</u>
Total health and welfare	<u>\$ 3,197,020</u>	<u>\$ 3,197,020</u>	<u>\$ 2,793,474</u>	<u>\$ 403,546</u>

County of Sussex, Virginia
Schedule of Expenditures - Budget and Actual
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For the Year Ended June 30, 2020

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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Education:				
Other instructional costs:				
Contributions to Community Colleges	\$ 4,495	\$ 4,495	\$ 2,995	\$ 1,500
Contribution to County School Board	7,999,170	8,301,296	8,172,105	129,191
Total education	<u>\$ 8,003,665</u>	<u>\$ 8,305,791</u>	<u>\$ 8,175,100</u>	<u>\$ 130,691</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Recreation center	\$ 40,000	\$ 40,000	\$ 45,000	\$ (5,000)
Total parks and recreation	<u>\$ 40,000</u>	<u>\$ 40,000</u>	<u>\$ 45,000</u>	<u>\$ (5,000)</u>
Cultural enrichment:				
Wakefield foundation	\$ 11,500	\$ 11,500	\$ 11,500	\$ -
Carpenter museum	3,500	3,500	3,500	-
Total cultural enrichment	<u>\$ 15,000</u>	<u>\$ 15,000</u>	<u>\$ 15,000</u>	<u>\$ -</u>
Library:				
Contribution to regional library	\$ 176,698	\$ 176,698	\$ 176,698	\$ -
Total library	<u>\$ 176,698</u>	<u>\$ 176,698</u>	<u>\$ 176,698</u>	<u>\$ -</u>
Total parks, recreation, and cultural	<u>\$ 231,698</u>	<u>\$ 231,698</u>	<u>\$ 236,698</u>	<u>\$ (5,000)</u>
Community development:				
Planning and community development:				
Planning and zoning	\$ 218,464	\$ 281,947	\$ 246,512	\$ 35,435
Industrial development authority	-	25,000	12,500	12,500
Planning district commission	9,790	9,790	9,790	-
Indoor plumbing	2,025	2,025	20,551	(18,526)
Housing assistance and other	174,477	2,134,387	851,863	1,282,524
Total planning and community development	<u>\$ 404,756</u>	<u>\$ 2,453,149</u>	<u>\$ 1,141,216</u>	<u>\$ 1,311,933</u>
Environmental management:				
Contribution to soil and water conservation district	\$ 7,264	\$ 7,264	\$ 7,264	\$ -
Environmental inspection	225,000	231,092	144,548	86,544
Convenience centers	410,366	550,366	529,039	21,327
Other environmental management	1,227	1,227	1,227	-
Total environmental management	<u>\$ 643,857</u>	<u>\$ 789,949</u>	<u>\$ 682,078</u>	<u>\$ 107,871</u>
Cooperative extension program:				
Extension office	\$ 56,032	\$ 56,032	\$ 34,233	\$ 21,799
Total cooperative extension program	<u>\$ 56,032</u>	<u>\$ 56,032</u>	<u>\$ 34,233</u>	<u>\$ 21,799</u>
Total community development	<u>\$ 1,104,645</u>	<u>\$ 3,299,130</u>	<u>\$ 1,857,527</u>	<u>\$ 1,441,603</u>
Debt service:				
Principal retirement	\$ 1,311,397	\$ 1,311,397	\$ 1,311,397	\$ -
Interest and other fiscal charges	487,698	487,698	321,000	166,698
Total debt service	<u>\$ 1,799,095</u>	<u>\$ 1,799,095</u>	<u>\$ 1,632,397</u>	<u>\$ 166,698</u>
Total General Fund	<u>\$ 24,933,116</u>	<u>\$ 28,279,850</u>	<u>\$ 24,692,839</u>	<u>\$ 3,587,011</u>

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

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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
Special Revenue Fund:				
County Special Revenue Fund:				
Judicial administration:				
Courts:				
Law library	\$ 766	\$ 766	\$ 342	\$ 424
Total judicial administration	\$ 766	\$ 766	\$ 342	\$ 424
Public Safety:				
Other Protection:				
Forfeited assets	\$ -	\$ 18,191	\$ 4,195	\$ 13,996
Total other protection	\$ -	\$ 18,191	\$ 4,195	\$ 13,996
Total public safety	\$ -	\$ 18,191	\$ 4,195	\$ 13,996
Total County Special Revenue Fund	\$ 766	\$ 18,957	\$ 4,537	\$ 14,420
County Capital Projects Fund:				
Education:				
Other instructional costs:				
Contribution to County School Board	\$ 27,000	\$ 27,000	\$ 27,000	\$ -
Capital projects:				
CAD system replacement	\$ 80,000	\$ 160,000	\$ 78,177	\$ 81,823
Site development	-	242,694	10,925	231,769
Carpet replacement	-	25,000	12,462	12,538
Judicial complex HVAC	15,963	65,963	9,198	56,765
Animal shelter repairs	-	24,350	23,070	1,280
Fire truck	150,000	150,000	552,147	(402,147)
Jail upgrades	-	180,000	70,575	109,425
Phone system	1,548	1,548	-	1,548
Treasurer equipment	-	22,927	22,926	1
Newsome human health services building	-	-	9,960	(9,960)
Water tower repairs	-	7,800	-	7,800
Vehicle replacement	160,318	226,188	158,558	67,630
Total capital projects	\$ 407,829	\$ 1,106,470	\$ 947,998	\$ 158,472
Debt service:				
Principal retirement	\$ 57,751	\$ 57,751	\$ 57,751	\$ -
Interest and other fiscal charges	10,643	10,643	10,643	-
Total debt service	\$ 68,394	\$ 68,394	\$ 68,394	\$ -
Total County Capital Projects Fund	\$ 503,223	\$ 1,201,864	\$ 1,043,392	\$ 158,472
Total Primary Government	\$ 25,437,105	\$ 29,500,671	\$ 25,740,768	\$ 3,759,903
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Education:				
Administration, health, and attendance	\$ 1,279,921	\$ 1,279,921	\$ 1,454,690	\$ (174,769)
Instruction costs	13,706,231	13,747,772	12,727,566	1,020,206
Pupil transportation	1,520,438	1,586,767	1,736,091	(149,324)
Operation and maintenance of school plant	1,936,856	2,131,112	1,898,615	232,497
Total education	\$ 18,443,446	\$ 18,745,572	\$ 17,816,962	\$ 928,610
Debt service:				
Principal retirement	\$ 113,204	\$ 113,204	\$ 113,204	\$ -
Interest and other fiscal charges	41,494	41,494	41,494	-
Total debt service	\$ 154,698	\$ 154,698	\$ 154,698	\$ -
Total School Operating Fund	\$ 18,598,144	\$ 18,900,270	\$ 17,971,660	\$ 928,610

County of Sussex, Virginia
Schedule of Expenditures - Budget and Actual
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For the Year Ended June 30, 2020

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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (Continued)				
Special Revenue Fund:				
School Special Revenue Fund:				
Education:				
Textbooks	\$ 102,301	\$ 102,301	\$ 221,219	\$ (118,918)
Commodities	-	53,187	53,187	-
School food services	845,341	845,341	843,430	1,911
	<hr/>			
Total School Special Revenue Fund	\$ 947,642	\$ 1,000,829	\$ 1,117,836	\$ (117,007)
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Total Discretely Presented Component Unit - School Board	\$ 19,545,786	\$ 19,901,099	\$ 19,089,496	\$ 811,603
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STATISTICAL INFORMATION

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Table 1

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

Fiscal Year	General		Public Safety	Public Works	Health and Welfare	Education	Parks, Recreation, and Cultural	Community Development	Interest on Long- Term Debt	Total
	Government Administration	Judicial Administration								
2011	\$ 1,790,384	\$ 1,117,542	\$ 5,032,632	\$ 802,875	\$ 3,296,600	\$ 8,154,852	\$ 210,076	\$ 397,609	\$ 481,963	\$ 21,284,533
2012	1,625,465	1,091,275	5,076,704	718,552	3,164,197	9,530,650	196,825	734,337	591,427	22,729,432
2013	1,723,664	1,125,133	5,211,151	745,138	2,973,785	7,668,587	200,550	1,400,525	440,982	21,489,515
2014	1,520,058	1,317,423	5,211,763	767,515	3,006,195	14,827,622	197,755	1,297,885	601,442	28,747,658
2015	1,819,420	1,183,650	5,209,793	742,468	3,281,566	10,770,100	194,874	624,780	580,008	24,406,659
2016	1,627,776	1,233,272	5,360,555	671,447	2,859,243	9,310,556	203,681	450,369	518,091	22,234,990
2017	1,726,683	1,260,283	5,421,684	604,641	2,725,050	9,298,007	205,265	497,810	475,246	22,214,669
2018	1,761,192	1,152,195	5,637,175	2,120,718	1,560,566	9,510,497	201,682	419,248	363,895	22,727,168
2019	1,871,482	1,197,149	5,546,426	880,182	2,381,879	9,120,134	197,083	1,334,097	320,196	22,848,628
2020	2,044,817	1,296,189	5,996,341	646,540	2,669,402	9,548,046	265,466	1,686,283	266,691	24,419,775

Table 2

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

Fiscal Year	PROGRAM REVENUES				GENERAL REVENUES					
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs	Total
2011	\$ 7,079,380	\$ 4,581,112	\$ 3,000		\$ 7,641,415	\$ 962,731	\$ 525,710	\$ 170,722	\$ 1,780,590	\$ 22,744,660
2012	8,012,050	4,544,066	5,896		7,321,690	981,129	342,043	113,224	2,064,221	23,384,319
2013	6,969,432	4,459,264	755,500		7,370,633	1,071,020	233,729	114,766	1,476,144	22,450,488
2014	6,764,345	4,553,833	4,537,507		8,574,854	1,074,162	162,130	104,229	1,394,567	27,165,627
2015	5,887,063	5,024,468	3,044,363		8,871,846	1,089,346	140,981	180,495	1,492,747	25,731,309
2016	6,337,137	4,344,775	1,620,358		8,976,562	1,192,279	133,395	244,452	1,423,849	24,272,807
2017	5,681,358	4,544,316	349,739		9,099,418	1,288,235	149,162	311,388	1,561,134	22,984,750
2018	7,059,163	4,130,874	252,547		9,642,575	1,350,841	201,746	415,836	1,385,430	24,439,012
2019	9,667,070	4,480,861	18,180		9,570,885	1,356,724	261,789	190,183	1,549,485	27,095,177
2020	7,223,608	4,895,958	523,375		9,771,362	1,360,220	279,853	281,409	1,464,113	25,799,898

Table 3

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

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education (2)	Parks, Recreation, and Cultural	Community Development	Debt Service	Total
2011	\$ 1,659,008	\$ 998,081	\$ 5,065,100	\$ 828,833	\$ 3,127,541	\$ 18,587,853	\$ 191,127	\$ 760,375	\$ 1,742,510	\$ 32,960,428
2012	1,652,293	1,032,403	5,087,886	858,074	2,937,477	18,311,915	194,852	766,673	1,714,529	32,556,102
2013	1,460,320	1,050,051	4,878,914	847,909	2,975,556	18,204,951	192,057	817,889	1,902,911	32,330,558
2014	1,718,461	1,102,682	5,034,438	833,719	3,271,067	18,616,141	189,176	702,936	2,156,335	33,624,955
2015	1,596,323	1,088,057	5,356,646	769,943	2,932,392	17,610,724	197,983	622,978	2,155,589	32,330,635
2016	1,651,120	1,146,759	5,313,383	712,289	2,781,880	17,552,893	199,567	606,219	2,070,287	32,034,397
2017	1,739,744	1,154,264	5,549,297	781,823	2,664,504	18,234,257	186,310	708,609	1,893,889	32,912,697
2018	1,875,141	1,119,024	5,439,917	698,071	2,518,382	18,500,301	195,985	747,541	1,862,920	32,957,282
2019	1,934,844	1,236,740	5,622,951	715,457	2,571,008	18,736,250	188,485	1,554,230	1,839,385	34,399,350
2020	2,160,421	1,301,128	5,880,090	660,541	2,793,474	18,910,793	236,698	1,857,527	1,787,095	35,587,767

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

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

(3) Excludes Capital Projects funds, with the exception of debt service.

Table 4

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

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental (2)	Total
2011	\$ 7,321,027	\$ 981,129	\$ 79,127	\$ 976,889	\$ 169,375	\$ 7,236,490	\$ 214,365	\$ 420,352	\$ 16,452,862	\$ 33,851,616
2012	7,685,234	1,071,020	129,359	695,809	160,564	6,423,415	312,664	286,039	16,940,871	33,704,975
2013	8,428,982	1,074,162	77,524	643,294	113,758	6,320,215	251,789	257,135	16,479,857	33,646,716
2014	8,713,866	1,089,346	56,176	637,934	80,511	5,442,342	293,832	245,439	16,480,773	33,040,219
2015	9,297,759	1,192,279	69,190	796,132	91,784	5,651,985	493,709	432,205	15,162,396	33,187,439
2016	8,973,765	1,288,235	89,085	761,045	106,533	5,006,192	533,155	364,728	15,406,169	32,528,907
2017	9,257,445	1,316,588	83,095	1,113,847	101,530	5,356,023	602,240	207,470	15,965,128	34,003,366
2018	9,617,447	1,350,841	75,098	1,131,786	140,708	5,989,895	689,554	294,069	15,575,274	34,864,672
2019	9,525,228	1,356,724	66,026	1,143,885	181,142	8,611,967	278,032	299,430	16,935,313	38,397,747
2020	9,840,157	1,360,220	81,849	1,019,225	175,182	6,235,125	271,393	319,328	16,878,941	36,181,420

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

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

(3) Excludes Capital Projects funds.

Table 5

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

Fiscal Year	Total Tax Levy (1)	Current Tax Collections (1)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1,2)	Percent of Delinquent Taxes to Tax Levy
2011	\$ 8,667,073	\$ 8,268,631	95.40%	\$ 206,044	\$ 8,474,675	97.78%	\$ 545,014	6.29%
2012	8,536,012	8,481,243	99.36%	233,737	8,714,980	102.10%	318,841	3.74%
2013	9,458,698	9,210,290	97.37%	115,340	9,325,630	98.59%	376,015	3.98%
2014	9,891,716	9,689,394	97.95%	211,197	9,900,591	100.09%	576,583	5.83%
2015	10,070,536	9,877,423	98.08%	460,707	10,338,130	102.66%	320,414	3.18%
2016	10,072,275	9,740,166	96.70%	205,445	9,945,611	98.74%	420,847	4.18%
2017	10,280,713	10,018,934	97.45%	142,486	10,161,420	98.84%	539,381	5.25%
2018	10,521,583	10,329,351	98.17%	195,894	10,525,245	100.03%	578,787	5.50%
2019	10,638,141	10,204,030	95.92%	210,172	10,414,202	97.89%	577,116	5.42%
2020	10,891,707	10,499,743	96.40%	231,615	10,731,358	98.53%	475,190	4.36%

(1) Exclusive of penalties and interest.

(2) Includes three most current delinquent tax years.

Table 6

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

Fiscal Year	Real Estate (1)	Personal Property and Mobile Homes	Machinery and Tools	Merchants Capital	Public Service(2)		
					Real Estate	Personal Property	Total
2011	\$ 790,662,282	\$ 68,294,266	\$ 39,352,829	\$ 7,691,275	\$ 51,832,467	\$ 664,445	\$ 958,497,564
2012	779,605,930	68,133,788	35,320,163	9,041,663	63,107,718	727,459	955,936,721
2013	875,389,910	62,540,742	47,377,210	13,728,234	99,366,077	730,786	1,099,132,959
2014	862,116,308	69,889,855	51,669,805	17,213,368	101,233,977	765,005	1,102,888,318
2015	864,288,995	71,400,542	57,374,335	15,503,834	96,540,341	844,766	1,105,952,813
2016	859,623,290	75,590,773	52,706,861	8,009,419	109,399,038	1,100,689	1,106,430,070
2017	848,259,629	75,987,958	47,854,245	7,382,323	115,022,027	1,072,643	1,095,578,825
2018	848,394,808	79,399,378	45,296,458	6,862,587	120,591,096	1,132,597	1,101,676,924
2019	894,176,374	77,528,877	40,855,215	7,286,525	117,079,951	1,001,158	1,137,928,100
2020	899,599,174	78,857,283	46,104,526	7,200,430	122,841,102	1,113,409	1,155,715,924

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

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

Table 7

County of Sussex, Virginia
Property Tax Rates (1)
Last Ten Calendar Years

Calendar Year	Real Estate	Mobile Homes	Personal Property	Machinery and Tools	Merchants Capital
2010	\$ 0.54	\$ 0.54	\$ 4.85	\$ 2.43	\$ 1.00
2011	0.54	0.54	4.85	2.43	1.00
2012	0.54	0.54	4.85	2.43	1.00
2013	0.54	0.54	4.85	2.43	1.00
2014	0.54	0.54	4.85	2.43	1.00
2015	0.54	0.54	4.85	2.43	1.00
2016	0.58	0.58	4.85	2.43	1.00
2017	0.58	0.58	4.85	2.43	1.00
2018	0.58	0.58	4.85	2.43	1.00
2019	0.58	0.58	4.85	2.43	1.00

(1) Per \$100 of assessed value.

Table 8

County of Sussex, Virginia
Ratio of Net General Obligation Bonded Debt to
Assessed Value and Net Bonded Debt Per Capita
Last Ten Fiscal Years

Fiscal Year	Population (1)	Assessed Value (2)	Gross Bonded Debt (3)	Less:		Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
				Debt Service Monies Available	Debt Assumed by Other Localities			
2011	12,087	\$ 958,497,564	\$ 17,992,630	\$ 767,672	-	\$ 17,224,958	1.80%	\$ 1,425
2012	12,087	955,936,721	22,162,207	955,718	-	21,206,489	2.22%	1,754
2013	12,087	1,099,132,959	21,046,261	1,150,608	-	19,895,653	1.81%	1,646
2014	12,087	1,102,888,318	19,700,315	1,348,239	-	18,352,076	1.66%	1,518
2015	12,087	1,105,952,813	18,354,370	1,550,661	-	16,803,709	1.52%	1,390
2016	12,087	1,106,430,070	17,008,425	1,757,978	-	15,250,447	1.38%	1,262
2017	12,087	1,095,578,825	15,662,479	1,970,750	-	13,691,729	1.25%	1,133
2018	12,087	1,101,676,924	14,316,533	2,187,916	-	12,128,617	1.10%	1,003
2019	12,087	1,137,928,100	12,970,587	2,410,430	-	10,560,157	0.93%	874
2020	12,087	1,155,715,924	11,624,641	2,638,624	-	8,986,017	0.78%	743

(1) Weldon Cooper Center for Public Service for 2000 and 2010 Census counts.

(2) From Table 6.

(3) Includes all long-term general obligation bonded debt, bonded anticipation notes, and literary fund loans.
Excludes revenue bonds, landfill postclosure costs, capital leases, and compensated absences.

COMPLIANCE

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

To the Honorable Members of the Board of Supervisors
County of Sussex
Sussex, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of County of Sussex Virginia, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the County of Sussex, Virginia's basic financial statements and have issued our report thereon dated November 23, 2020.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether County of Sussex, Virginia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under *Governmental Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs at item 2020-001.

County of Sussex, Virginia's Response to Findings

County of Sussex, Virginia's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. County of Sussex, Virginia's 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

Richmond, Virginia
November 23, 2020

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

To the Honorable Members of the Board of Supervisors
County of Sussex
Sussex, Virginia

Report on Compliance for Each Major Federal Program

We have audited County of Sussex, Virginia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of County of Sussex, Virginia's major federal programs for the year ended June 30, 2020. County of Sussex, 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 the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

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



Richmond, Virginia
November 23, 2020

County of Sussex, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Pass-Through Payments:			
Department of Social Services:			
MaryLee Allen Promoting Safe and Stable Families Program	93.556	0950119/0950120	\$ 15,283
Temporary Assistance for Needy Families (TANF Cluster)	93.558	0400119/0400120	168,394
Refugee and Entrant Assistance State/Replacement Designee			
Administered Programs	93.566	0500119/0500120	259
Low Income Home Energy Assistance	93.568	0600419/0600420	32,858
Child Care Mandatory and Matching Funds of the Child Care			
Development Fund (CCDF Cluster)	93.596	0760119/0760120	32,662
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900119/0900120	404
Foster Care - Title IV-E	93.658	1100119/1100120	125,479
Adoption Assistance	93.659	1120119/1120120	21,302
Social Services Block Grant	93.667	1000119/1000120	139,562
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150119/9150120	1,458
Children's Health Insurance Program	93.767	0540119/0540120	4,144
Medical Assistance Program (Medicaid Cluster)	93.778	1200119/1200120	271,514
Total Department of Health and Human Services			<u>\$ 813,319</u>
Department of Homeland Security:			
Pass Through Payments:			
Department of Emergency Management:			
Emergency Management Performance Grants	97.042	77501-54389	<u>\$ 7,500</u>
Department of Agriculture:			
Pass-Through Payments:			
Child Nutrition Cluster:			
Department of Agriculture:			
Food Distribution	10.559	17901	\$ 1,059
Department of Health:			
Summer Food Service Program for Children	10.559	17901	58,798
COVID-19 - Summer Food Service Program for Children	10.559	17901	67,984
			<u>\$ 127,841</u>
Department of Agriculture:			
Food Distribution	10.555	17901-45707	\$ 52,128
Department of Education:			
National School Lunch Program	10.555	17901-40623	318,185
COVID-19 - National School Lunch Program	10.555	17901-40623	27,736
			<u>\$ 398,049</u>
School Breakfast Program	10.553	17901-40591	156,401
COVID-19 - School Breakfast Program	10.553	17901-40591	13,003
			<u>\$ 169,404</u>
Total Child Nutrition Cluster			\$ 695,294
Department of Education:			
Fresh Fruit and Vegetable Program	10.582	17901-40599	26,687
Department of Social Services:			
State Administrative Matching Grants for the Supplemental			
Nutrition Assistance Program (SNAP Cluster)	10.561	0010119/0010120	\$ 268,705
Child Nutrition Discretionary Grants Limited Availability	10.579	17901-86804	5,597
Total Department of Agriculture			<u>\$ 996,283</u>

County of Sussex, Virginia
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2020

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Justice:			
Direct payments:			
Bulletproof Vest Partnership Program	16.607	N/A	\$ 5,737
Pass Through Payments:			
Department of Criminal Justice Services:			
Crime Victim Assistance	16.575	390001-10220	\$ 59,102
Total Department of Justice			\$ 64,839
Department of Transportation:			
Pass-Through Payments:			
Department of Motor Vehicles:			
Alcohol Open Container Requirements	20.607	60507-53000	\$ 11,150
Department of Housing and Urban Development:			
Direct payments:			
COVID-19 - Section 8 Housing Choice Vouchers	14.871	N/A	\$ 17,067
Pass Through Payments:			
Department of Housing and Community Development:			
Community Development Block Grant/State's Program and Non-Entitlement Grants in Hawaii	14.228	533005-1400	\$ 305,597
Total Department of Housing and Urban Development			\$ 322,664
Department of Education:			
Pass-Through Payments:			
State Council for Higher Education for Virginia:			
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	17117	\$ 42,381
Virginia Department of Education:			
Title I Grants to Local Educational Agencies	84.010	17901-42901	386,563
Special Education Cluster:			
Special Education - Grants to States	84.027	17901-43071	\$ 256,516
Special Education - Preschool Grants	84.173	17901-62521	11,958
Total Special Education Cluster			268,474
Career and Technical Education - Basic Grants to States	84.048	17901-61095	33,192
Rural Education	84.358	17901-43481	4,910
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	17901-61480	68,247
English Language Acquisition State Grants	84.365	17901-60512	3,991
Student Support and Academic Enrichment Program	84.424	17901-60281	5,046
Total Department of Education			\$ 812,804
Department of Treasury:			
Pass Through Payments:			
Department of Accounts:			
Coronavirus Relief Funds (CRF)	21.019	10110-728021	\$ 12,543
Department of Defense:			
Direct Payments:			
ROTC	12.xxx	N/A	\$ 82,692
Total Expenditures of Federal Awards			\$ 3,123,794

See accompanying notes to schedule of expenditures of federal awards.

County of Sussex, Virginia
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

Note 1 - Basis of Presentation

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

Note 2 - Summary of Significant Accounting Policies

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

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

Note 3 - Food Donation

Nonmonetary assistance is reported in the schedule at the fair market value of commodities received or 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	\$ 1,500,720
Total primary government	<u>\$ 1,500,720</u>

Component Unit School Board:

School Operating Fund	\$ 895,496
School Special Revenue Fund	727,578
Total Component Unit School Board	<u>\$ 1,623,074</u>
Total federal expenditures per basic financial statements	<u>\$ 3,123,794</u>

Total federal expenditures per the Schedule of Expenditures
of Federal Awards

\$ 3,123,794

Note 5 - Subrecipients

No awards were passed through to subrecipients.

Note 6 - De Minimis Cost Rate

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

Note 7 - Loan Balances

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

County of Sussex, Virginia
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

Section I-Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unmodified

Internal control over financial reporting:

Material weakness(es) identified? yes ✓ no

Significant deficiency(ies) identified? yes ✓ none reported

Noncompliance material to financial statements noted? yes ✓ no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? yes ✓ no

Significant deficiency(ies) identified? yes ✓ none reported

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

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

Identification of major programs:

CFDA Number(s)
10.553/10.555/10.559

Name of Federal Program or Cluster
Child Nutrition Cluster

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

Auditee qualified as low-risk auditee? ✓ yes no

Section II-Financial Statement Findings

None

Section III-Federal Award Findings and Questioned Costs

None

Section IV - Commonwealth of Virginia Findings and Questions Costs

Finding 2020-001:

Financial Reporting

Criteria:

Section 22.1-92 of the *Code of Virginia* requires that before any School Board gives final approval to its budget for submission to the governing body, the school board must hold at least one public hearing to receive the view of citizens within the school division. The School Board shall cause public notice to be given at least 10 days prior to the public hearing by publication in a newspaper of general circulation in the School Division.

Condition:

The School Board held their public hearing on February 21, 2019 on the FY20 budget but did not provide 10 days of public notice to the citizens within the school division. The public hearing was advertised on February 13, 2019.

Effect of Condition:

The citizens within the school division were not given ample notice to attend the public hearing of the FY20 School Board Budget.

Cause of Condition:

Procedures were not in place to ensure that the public hearing was advertised 10 days prior to the date of the public hearing.

Recommendation:

School Board management should have procedures in place to ensure that the public hearing is properly advertised in accordance with the requirements of the *Code of Virginia*.

Management's Recommendation:

The School Board office is considering corrective action for FY21.

County of Sussex, Virginia

Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2020

Findings - Commonwealth of Virginia:

2019-001:

Condition:

The School Board held their public hearing on February 20, 2018 on the FY19 budget but did not provide 10 days of public notice to the citizens within the school division. The public hearing was advertised on February 14, 2018.

Recommendation:

School Board management should have procedures in place to ensure that the public hearing is properly advertised in accordance with the requirements of the Code of Virginia.

Current Status:

Corrective action has not been fully implemented. Finding repeated in current year as 2020-001.