

COUNTY OF SUSSEX, VIRGINIA



ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2021

COUNTY OF SUSSEX, VIRGINIA

ANNUAL FINANCIAL REPORT

**FOR THE YEAR
ENDED JUNE 30, 2021**

THIS PAGE LEFT BLANK INTENTIONALLY

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
Freddie A. Stringfield, Vice Chairperson
Doris C. Hamlin

Laurie S. Latham
Linda J. Skipper
Terry A. Massenburg

Other Officials

County Administrator	Richard Douglas
Director of Social Services	Will Hagy
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

THIS PAGE LEFT BLANK INTENTIONALLY

COUNTY OF SUSSEX, VIRGINIA
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2021

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1-3
Management's Discussion and Analysis	4-10
<u>Basic Financial Statements:</u>	
Government-wide Financial Statements:	
Exhibit 1 Statement of Net Position	11
Exhibit 2 Statement of Activities	12
Fund Financial Statements:	
Exhibit 3 Balance Sheet–Governmental Funds	13
Exhibit 4 Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	14
Exhibit 5 Statement of Revenues, Expenditures and Changes in Fund Balances–Governmental Funds	15
Exhibit 6 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	16
Exhibit 7 Statement of Fiduciary Net Position – Fiduciary Funds	17
Exhibit 8 Statement of Changes in Fiduciary Net Position - Fiduciary Funds	18
Notes to Financial Statements	19-82

COUNTY OF SUSSEX, VIRGINIA
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2021

TABLE OF CONTENTS (CONTINUED)

	<u>Page</u>
<u>Required Supplementary Information:</u>	
Exhibit 9 Schedule of Revenues, Expenditures and Changes in Fund Balances–Budget and Actual–General Fund	83
Exhibit 10 Schedule of Changes in Net Pension Liability (Asset) and Related Ratios–Primary Government	84-85
Exhibit 11 Schedule of Changes in Net Pension Liability (Asset) and Related Ratios–Component Unit School Board (nonprofessional)	86-87
Exhibit 12 Schedule of Employer’s Share of Net Pension Liability VRS Teacher Retirement Plan	88-89
Exhibit 13 Schedule of Employer Contributions–Pension Plans	90
Exhibit 14 Notes to Required Supplementary Information–Pension Plans	91
Exhibit 15 Schedule of County’s Share of Net OPEB Liability–Group Life Insurance (GLI) Plan	92
Exhibit 16 Schedule of Employer Contributions–Group Life Insurance (GLI) Plan	93
Exhibit 17 Notes to Required Supplementary Information–Group Life Insurance (GLI) Plan	94
Exhibit 18 Schedule of School Board’s Share of Net OPEB Liability–Health Insurance Credit (HIC) Plan	95
Exhibit 19 Schedule of Employer Contributions–Health Insurance Credit (HIC) Plan	96
Exhibit 20 Notes to Required Supplementary Information–Health Insurance Credit (HIC) Plan	97
Exhibit 21 Schedule of School Board’s Share of Net OPEB Liability–Teacher Employee Health Insurance Credit (HIC) Plan	98
Exhibit 22 Schedule of Employer Contributions–Teacher Employee Health Insurance Credit (HIC) Plan	99
Exhibit 23 Notes to Required Supplementary Information– Teacher Employee Health Insurance Credit (HIC) Plan	100
Exhibit 24 Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios–Primary Government	101
Exhibit 25 Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios–Component Unit School Board	102
Exhibit 26 Notes to Required Supplementary Information–Primary Government OPEB	103
Exhibit 27 Notes to Required Supplementary Information– Component Unit School Board OPEB	104

COUNTY OF SUSSEX, VIRGINIA
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2021

TABLE OF CONTENTS (CONTINUED)

	Page
<u>Other Supplementary Information:</u>	
Combining and Individual Fund Financial Statements and Schedules:	
Exhibit 28 Schedule of Revenues, Expenditures, and Changes in Fund Balances–Budget and Actual–County Capital Projects Fund	105
Exhibit 29 Schedule of Revenues, Expenditures, and Changes in Fund Balances–Budget and Actual–Nonmajor Special Revenue Fund	106
Exhibit 30 Combining Statement of Fiduciary Net Position - Fiduciary Funds	107
Exhibit 31 Combining Statement of Changes to Fiduciary Net Position - Fiduciary Funds	108
Discretely Presented Component Unit School Board:	
Exhibit 32 Combining Balance Sheet	109
Exhibit 33 Combining Statement of Revenues, Expenditures and Changes in Fund Balances	110
Exhibit 34 Schedule of Revenues, Expenditures and Changes in Fund Balances–Budget and Actual–School Operating Fund	111
Exhibit 35 Schedule of Revenues, Expenditures, and Changes in Fund Balances–Budget and Actual–Nonmajor Special Revenue Fund	112
Supporting Schedules:	
Schedule 1 Schedule of Revenues–Budget and Actual–Governmental Funds	113-118
Schedule 2 Schedule of Expenditures–Budget and Actual–Governmental Funds	119-123
<u>Statistical Information:</u>	
Table 1 Government-Wide Expenses by Function–Last Ten Fiscal Years	124
Table 2 Government-Wide Revenues–Last Ten Fiscal Years	125
Table 3 General Governmental Expenditures by Function–Last Ten Fiscal Years	126
Table 4 General Governmental Revenues by Source–Last Ten Fiscal Years	127

COUNTY OF SUSSEX, VIRGINIA
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2021

TABLE OF CONTENTS (CONTINUED)

	<u>Page</u>
<u>Statistical Information: (Continued)</u>	
Table 5 Property Tax Levies and Collections–Last Ten Fiscal Years	128
Table 6 Assessed Value of Taxable Property–Last Ten Fiscal Years	129
Table 7 Property Tax Rates–Last Ten Fiscal Years	130
Table 8 Ratio of Net General Obligation Bonded Debt to Assessed Value and Net Bonded Debt Per Capita–Last Ten Fiscal Years	131
<u>Compliance:</u>	
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 <i>Government Auditing Standards</i>	132-133
Independent Auditors’ Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	134-135
Schedule of Expenditures of Federal Awards	136-137
Notes to Schedule of Expenditures of Federal Awards	138
Schedule of Findings and Questioned Costs	139
Summary Schedule of Prior Audit Findings	140

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, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of County of Sussex, Virginia, as of June 30, 2021, 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.

Change in Accounting Principle

As described in Note 24 to the financial statements, in 2021, the County adopted new accounting guidance, GASB Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

Restatement of Beginning Balances

As described in Note 24 to the financial statements, in 2021, the County restated beginning balances to reflect the requirements of GASB Statement No. 84. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 4-10, 83, and 84-104 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

Supplementary and Other Information (Continued)

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2021, 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
December 7, 2021

THIS PAGE LEFT BLANK INTENTIONALLY

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

Financial Highlights

Government-wide Financial Statements

- < The assets 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 \$45,466,402 (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 \$799,930 (Exhibit 5) after making contributions totaling \$8,136,145 to the School Board.

- < As of the close of the current fiscal year; the County's funds reported ending fund balances of \$17,169,757, an increase of \$799,930 in comparison with the prior year.
- < At the end of the current fiscal year, unassigned fund balance for the general fund was \$6,397,067, or 24% of total general fund expenditures and other uses.
- < The combined long-term obligations decreased \$2,015,295 during the current fiscal year.

The remainder of this page left blank intentionally

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 fiduciary 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. Fiduciary funds are County custodial funds used to provide accountability of client monies for which the County is custodian.

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

Other information - In addition to the basic financial statement and accompanying notes, this report also presents certain required supplementary information for 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.

The remainder of this page left blank intentionally

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 \$45,466,402 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	
		2021	2020
Current and other assets	\$	17,296,669	\$ 17,906,026
Restricted assets		1,927,725	2,638,624
Capital assets		39,564,872	42,215,209
Total assets	\$	58,789,266	\$ 62,759,859
Deferred outflows of resources	\$	2,070,158	\$ 923,831
Current liabilities	\$	1,537,291	\$ 1,585,927
Long-term liabilities outstanding		13,636,587	15,651,882
Total liabilities	\$	15,173,878	\$ 17,237,809
Deferred inflows of resources	\$	219,144	\$ 1,247,724
Net investment in capital assets	\$	29,928,532	\$ 30,464,822
Restricted		1,927,725	2,638,624
Unrestricted		13,610,145	12,094,711
Total net position	\$	45,466,402	\$ 45,198,157

Government-wide Financial Analysis (Continued)

The County's net position increased by \$268,245 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		
	2021	2020	
Charges for services	\$ 6,855,504	\$ 7,223,608	
Operating grants and contributions	7,292,455	4,895,958	
Capital grants and contributions		523,375	
General property taxes	10,277,595	9,771,362	
Other local taxes	1,439,329	1,360,220	
Grants and other contributions not restricted	1,467,283	1,464,113	
Other general revenues	731,465	561,262	
Total revenues	\$ 28,063,631	\$ 25,799,898	
General government administration	\$ 4,030,061	\$ 2,044,817	
Judicial administration	1,368,139	1,296,189	
Public safety	6,208,708	5,996,341	
Public works	660,633	646,540	
Health and welfare	2,669,630	2,669,402	
Education	10,193,573	9,548,046	
Parks, recreation, and cultural	263,643	265,466	
Community development	2,171,593	1,686,283	
Interest and other fiscal charges	229,406	266,691	
Total expenses	\$ 27,795,386	\$ 24,419,775	
Change in net position	\$ 268,245	\$ 1,380,123	
Net position, beginning of year	45,198,157	43,818,034	
Net position, end of year	\$ 45,466,402	\$ 45,198,157	

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 \$17,169,757, an increase of \$799,930 in comparison with the prior year. Approximately 37% 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 \$8,012,867. \$1,816,711 of this was restricted for debt, while \$6,196,156 was committed to current or future capital projects.

General Fund Budgetary Highlights

During the year, revenues and other financing sources exceeded budgetary estimates by \$1,584,078. Budgetary estimates exceeded expenditures and other financing uses by \$4,279,559. The combination of the two resulted in a positive variance of \$5,863,637.

Capital Asset and Debt Administration

< Capital assets - The County's investment in capital assets for its governmental operations as of June 30, 2021 amounts to \$39,564,872 (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 \$9,191,660, all of which is debt backed by the full faith and credit of the County.

The County's total debt decreased by \$2,018,397 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.

The remainder of this page left blank intentionally

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 2022 fiscal year.

The fiscal year 2022 General Fund budget decreased by approximately 0.5 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.

THIS PAGE LEFT BLANK INTENTIONALLY

BASIC FINANCIAL STATEMENTS

THIS PAGE LEFT BLANK INTENTIONALLY

GOVERNMENT-WIDE FINANCIAL STATEMENTS

THIS PAGE LEFT BLANK INTENTIONALLY

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

	Primary Government Governmental Activities	Component Unit School Board
ASSETS		
Cash and cash equivalents	\$ 14,207,187	\$ 2,544,655
Receivables (net of allowance for uncollectibles):		
Taxes receivable	560,408	-
Accounts receivable	647,045	-
Due from other governmental units	1,882,029	1,101,237
Restricted assets:		
Bond sinking funds	1,816,711	-
Net pension asset	111,014	182,925
Capital assets (net of accumulated depreciation):		
Land	10,530,331	110,993
Buildings and improvements	13,362,703	19,230,555
Machinery and equipment	5,304,812	960,147
Construction in progress	10,367,026	-
Total assets	<u>\$ 58,789,266</u>	<u>\$ 24,130,512</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension related items	\$ 1,882,477	\$ 3,536,037
OPEB related items	187,681	400,629
Total deferred outflows of resources	<u>\$ 2,070,158</u>	<u>\$ 3,936,666</u>
LIABILITIES		
Accounts payable	\$ 220,104	\$ 217,166
Accrued liabilities	-	1,312,399
Accrued interest payable	136,837	-
Due to other governmental units	-	1,083,874
Unearned revenue	1,180,350	616,830
Long-term liabilities:		
Due within one year	1,054,013	23,940
Due in more than one year	12,582,574	16,740,321
Total liabilities	<u>\$ 15,173,878</u>	<u>\$ 19,994,530</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred revenue - property taxes	\$ 46,685	\$ -
Pension related items	114,112	1,286,414
OPEB related items	58,347	371,560
Total deferred inflows of resources	<u>\$ 219,144</u>	<u>\$ 1,657,974</u>
NET POSITION		
Net investment in capital assets	\$ 29,928,532	\$ 20,301,695
Restricted:		
Net pension asset	111,014	182,925
Debt service and bond covenants	1,816,711	-
Unrestricted (deficit)	13,610,145	(14,069,946)
Total net position	<u>\$ 45,466,402</u>	<u>\$ 6,414,674</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, 2021

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component
					Governmental	Unit
					Activities	School Board
PRIMARY GOVERNMENT:						
Governmental activities:						
General government administration	\$ 4,030,061	\$ -	\$ 2,704,333	\$ -	\$ (1,325,728)	\$ -
Judicial administration	1,368,139	849,074	500,010	-	(19,055)	-
Public safety	6,208,708	187,389	1,812,575	-	(4,208,744)	-
Public works	660,633	5,809,808	-	-	5,149,175	-
Health and welfare	2,669,630	-	1,946,231	-	(723,399)	-
Education	10,193,573	-	-	-	(10,193,573)	-
Parks, recreation, and cultural	263,643	-	-	-	(263,643)	-
Community development	2,171,593	9,233	329,306	-	(1,833,054)	-
Interest on long-term debt	229,406	-	-	-	(229,406)	-
Total governmental activities	\$ 27,795,386	\$ 6,855,504	\$ 7,292,455	\$ -	\$ (13,647,427)	\$ -
Total primary government	\$ 27,795,386	\$ 6,855,504	\$ 7,292,455	\$ -	\$ (13,647,427)	\$ -
COMPONENT UNIT:						
School Board	\$ 20,469,543	\$ 13,112	\$ 11,889,659	\$ -	\$ -	\$ (8,566,772)
Total component unit	\$ 20,469,543	\$ 13,112	\$ 11,889,659	\$ -	\$ -	\$ (8,566,772)
General revenues:						
General property taxes					\$ 10,277,595	\$ -
Local sales tax					984,890	-
Motor vehicle licenses					235,554	-
Other local taxes					218,885	-
Unrestricted revenues from use of money and property					163,820	104
Miscellaneous					567,645	219,242
Grants and contributions not restricted to specific programs					1,467,283	-
Payment from Sussex County					-	9,812,552
Total general revenues					\$ 13,915,672	\$ 10,031,898
Change in net position					\$ 268,245	\$ 1,465,126
Net position - beginning, as restated					45,198,157	4,949,548
Net position - ending					\$ 45,466,402	\$ 6,414,674

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

FUND FINANCIAL STATEMENTS

THIS PAGE LEFT BLANK INTENTIONALLY

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

	<u>General</u>	<u>County Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 7,968,260	\$ 6,196,156	\$ 42,771	\$ 14,207,187
Receivables (net of allowance for uncollectibles):				
Taxes receivable	560,408	-	-	560,408
Accounts receivable	646,938	-	107	647,045
Due from other governmental units	1,882,029	-	-	1,882,029
Restricted assets:				
Bond sinking funds	-	1,816,711	-	1,816,711
Total assets	<u>\$ 11,057,635</u>	<u>\$ 8,012,867</u>	<u>\$ 42,878</u>	<u>\$ 19,113,380</u>
LIABILITIES				
Accounts payable	\$ 220,104	\$ -	\$ -	\$ 220,104
Unearned revenue	1,180,350	-	-	1,180,350
Total liabilities	<u>\$ 1,400,454</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,400,454</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	\$ 543,169	\$ -	\$ -	\$ 543,169
Total deferred inflows of resources	<u>\$ 543,169</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 543,169</u>
FUND BALANCES				
Restricted	\$ -	\$ 1,816,711	\$ -	\$ 1,816,711
Committed	79,843	6,196,156	42,878	6,318,877
Unassigned	9,034,169	-	-	9,034,169
Total fund balances	<u>\$ 9,114,012</u>	<u>\$ 8,012,867</u>	<u>\$ 42,878</u>	<u>\$ 17,169,757</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 11,057,635</u>	<u>\$ 8,012,867</u>	<u>\$ 42,878</u>	<u>\$ 19,113,380</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, 2021

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds		\$ 17,169,757
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets, cost	\$ 58,582,738	
Accumulated depreciation	<u>(19,017,866)</u>	39,564,872
Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.		
Unavailable revenue - property taxes	\$ 496,484	
Net pension asset	<u>111,014</u>	607,498
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.		
Pension related items	\$ 1,882,477	
OPEB related items	<u>187,681</u>	2,070,158
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	\$ (479,708)	
Net OPEB liabilities	(781,882)	
Landfill postclosure costs	(2,738,657)	
Capital lease	(64,645)	
Literary fund loans	(4,257,232)	
General obligation bonds	(2,720,000)	
Bond premium	(380,035)	
QZAB bonds	(2,214,428)	
Accrued interest payable	<u>(136,837)</u>	(13,773,424)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.		
Pension related items	\$ (114,112)	
OPEB related items	<u>(58,347)</u>	(172,459)
Net position of governmental activities		<u><u>\$ 45,466,402</u></u>

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, 2021

	<u>General</u>	<u>County Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total</u>
REVENUES				
General property taxes	\$ 10,309,364	\$ -	\$ -	\$ 10,309,364
Other local taxes	1,439,329	-	-	1,439,329
Permits, privilege fees, and regulatory licenses	65,959	-	-	65,959
Fines and forfeitures	824,158	-	-	824,158
Revenue from the use of money and property	86,339	77,279	202	163,820
Charges for services	5,964,182	-	1,205	5,965,387
Miscellaneous	267,015	300,630	-	567,645
Recovered costs	409,951	-	-	409,951
Intergovernmental:				
Commonwealth	4,751,848	-	-	4,751,848
Federal	4,007,890	-	-	4,007,890
Total revenues	<u>\$ 28,126,035</u>	<u>\$ 377,909</u>	<u>\$ 1,407</u>	<u>\$ 28,505,351</u>
EXPENDITURES				
Current:				
General government administration	\$ 3,901,798	\$ -	\$ -	\$ 3,901,798
Judicial administration	1,291,835	-	-	1,291,835
Public safety	5,878,788	-	2,993	5,881,781
Public works	626,883	-	-	626,883
Health and welfare	2,650,723	-	-	2,650,723
Education	8,140,627	-	-	8,140,627
Parks, recreation, and cultural	234,065	-	-	234,065
Community development	2,294,455	-	-	2,294,455
Capital projects	-	318,093	-	318,093
Debt service:				
Principal retirement	941,397	1,138,101	-	2,079,498
Interest and other fiscal charges	278,370	7,293	-	285,663
Total expenditures	<u>\$ 26,238,941</u>	<u>\$ 1,463,487</u>	<u>\$ 2,993</u>	<u>\$ 27,705,421</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,887,094</u>	<u>\$ (1,085,578)</u>	<u>\$ (1,586)</u>	<u>\$ 799,930</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 829,851	\$ -	\$ -	\$ 829,851
Transfers out	-	(829,851)	-	(829,851)
Total other financing sources (uses)	<u>\$ 829,851</u>	<u>\$ (829,851)</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	\$ 2,716,945	\$ (1,915,429)	\$ (1,586)	\$ 799,930
Fund balances - beginning	6,397,067	9,928,296	44,464	16,369,827
Fund balances - ending	<u>\$ 9,114,012</u>	<u>\$ 8,012,867</u>	<u>\$ 42,878</u>	<u>\$ 17,169,757</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, 2021

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

Net change in fund balances - total governmental funds	\$	799,930
--	----	---------

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	\$ 341,599		
Jointly owned asset allocation	(1,676,407)		
Depreciation expense	<u>(1,315,529)</u>		(2,650,337)

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

Property taxes			(31,769)
----------------	--	--	----------

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	230,000		
Principal retirement on QZAB bonds	1,077,000		
Principal retirement on capital lease	61,101		
Increase in landfill postclosure liability	<u>(8,759)</u>		2,070,739

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	49,846		
OPEB expense	44,361		
Change in compensated absences	(70,782)		
Change in accrued interest payable	<u>21,708</u>		79,682

Change in net position of governmental activities	\$	<u><u>268,245</u></u>
---	----	-----------------------

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, 2021

Custodial Funds

ASSETS

Cash and cash equivalents	\$ 124,198
Receivables:	
Accounts receivable	83
Total assets	<u>\$ 124,281</u>

NET POSITION

Restricted for:	
Individuals	\$ 31,988
Scholarships	92,293
Total net position	<u>\$ 124,281</u>

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

	<u>Custodial Funds</u>
ADDITIONS	
Contributions:	
Private contributions	\$ 121,453
Investment earnings:	
Interest	3,157
Total additions	<u>\$ 124,610</u>
DEDUCTIONS	
Scholarships	\$ 4,800
Bank charges	60
Recipient payments	156,671
Total deductions	<u>\$ 161,531</u>
Net increase (decrease) in fiduciary net position	\$ (36,921)
Net position - beginning, as restated	161,202
Net position - ending	<u><u>\$ 124,281</u></u>

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

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements As of June 30, 2021

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.

COUNTY OF SUSSEX, VIRGINIA

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

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, 2021.

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, 2021.

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.

COUNTY OF SUSSEX, VIRGINIA

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

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.

Fiduciary Funds (Custodial Funds) account for assets held by the County unit in a trustee capacity or as a custodian for individuals, private organizations, other governmental units, or other funds. These funds include amounts held for Special Welfare, Canteen Funds, Jail Inmate funds, 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.

COUNTY OF SUSSEX, VIRGINIA

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

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 \$84,965 at June 30, 2021 and is comprised solely of property taxes.

Real and Personal Property Tax Data:

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

	<u>Real Property</u>	<u>Personal Property</u>
Levy	January 1	January 1
Due Date	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.

COUNTY OF SUSSEX, VIRGINIA

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

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.

COUNTY OF SUSSEX, VIRGINIA

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

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

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, HIC nonprofessional, 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, 2021

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	\$ -	\$ 1,816,711	\$ -	\$ 1,816,711
Total Restricted Fund Balance	\$ -	\$ 1,816,711	\$ -	\$ 1,816,711
Committed:				
Indoor Plumbing	\$ 19,650	\$ -	\$ -	\$ 19,650
CDBG	60,193	-	-	60,193
Capital Improvements	-	6,196,156	-	6,196,156
Forfeited asset	-	-	11,068	11,068
Law library	-	-	31,810	31,810
Total Committed Fund Balance	\$ 79,843	\$ 6,196,156	\$ 42,878	\$ 6,318,877
Unassigned	\$ 9,034,169	\$ -	\$ -	\$ 9,034,169
Total Fund Balances	\$ 9,114,012	\$ 8,012,867	\$ 42,878	\$ 17,169,757

COUNTY OF SUSSEX, VIRGINIA

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

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 \$194,249 in the County Capital Projects fund at June 30, 2021.

Note 3—Deposits and Investments:

Deposits

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the "Act") Section 2.2-4400 et. Seq. of the Code of Virginia. Under the Act, banks and savings institutions holding public deposits 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, 2021

Note 3—Deposits and Investments: (Continued)

Credit Risk of Debt Securities

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

		<u>Fair Quality Ratings</u>
		<u>AAAm</u>
Local Government Investment Pool	\$	2,385,732
Virginia Investment Pool		4,121,429
Money Market Mutual Fund		1,816,711
Total	\$	<u>8,323,872</u>

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).

The remainder of this page left blank intentionally.

COUNTY OF SUSSEX, VIRGINIA

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

Note 4—Due to/from Other Governments:

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

	<u>Primary Government</u>	<u>Component Unit School Board</u>
Other Local Governments:		
Sussex County School Board	\$ 1,083,874	\$ -
Commonwealth of Virginia:		
Local sales tax	173,996	-
Welfare	47,131	-
Rolling stock tax	78,819	-
State Sales Tax	-	201,773
Constitutional officer reimbursements	209,826	-
Tax on deeds	7,679	-
Motor vehicle rental tax	132	-
Communications tax	20,128	-
E-911 wireless	9,692	-
Timber sale	19,535	-
Games of skill	33,984	-
Comprehensive services	86,190	-
Other state funds	20,035	70,718
Federal Government:		
School fund grants	-	828,746
Victim witness	8,581	-
Welfare	82,427	-
Total due from other governments	\$ <u>1,882,029</u>	\$ <u>1,101,237</u>

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

Other Local Governments:		
County of Sussex	\$ <u>-</u>	\$ <u>1,083,874</u>

The remainder of this page left blank intentionally.

COUNTY OF SUSSEX, VIRGINIA

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

Note 5—Capital Assets:

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

Primary Government:

	Balance July 1, 2020	Issuances/ Increases	Retirements/ Decreases	Balance June 30, 2021
Governmental activities:				
Capital assets not subject to depreciation:				
Land	\$ 10,530,331	\$ -	\$ -	\$ 10,530,331
Construction in progress	10,367,026	-	-	10,367,026
Total capital assets not subject to depreciation	\$ 20,897,357	\$ -	\$ -	\$ 20,897,357
Capital assets subject to depreciation:				
Buildings and improvements	\$ 8,638,650	\$ -	\$ -	\$ 8,638,650
Machinery and equipment	13,559,091	341,599	-	13,900,690
Jointly owned assets	17,698,347	-	2,552,306	15,146,041
Total capital assets subject to depreciation	\$ 39,896,088	\$ 341,599	\$ 2,552,306	\$ 37,685,381
Accumulated depreciation:				
Buildings and improvements	\$ 4,644,322	\$ 203,320	\$ -	\$ 4,847,642
Machinery and equipment	7,860,208	735,670	-	8,595,878
Jointly owned assets	6,073,706	376,539	875,899	5,574,346
Total accumulated depreciation	\$ 18,578,236	\$ 1,315,529	\$ 875,899	\$ 19,017,866
Total capital assets being depreciated, net	\$ 21,317,852	\$ (973,930)	\$ 1,676,407	\$ 18,667,515
Governmental activities capital assets, net	\$ 42,215,209	\$ (973,930)	\$ 1,676,407	\$ 39,564,872

Component Unit - School Board:

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
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	\$ 4,745,468	\$ 249,708	\$ -	\$ 4,995,176
Jointly owned assets	27,877,704	-	(2,552,306)	30,430,010
Total capital assets subject to depreciation	\$ 32,623,172	\$ 249,708	\$ (2,552,306)	\$ 35,425,186
Accumulated depreciation:				
Machinery and equipment	\$ 3,839,151	\$ 195,878	\$ -	\$ 4,035,029
Jointly owned assets	9,567,050	756,506	(875,899)	11,199,455
Total accumulated depreciation	\$ 13,406,201	\$ 952,384	\$ (875,899)	\$ 15,234,484
Total capital assets being depreciated, net	\$ 19,216,971	\$ (702,676)	\$ (1,676,407)	\$ 20,190,702
Governmental activities capital assets, net	\$ 19,327,964	\$ (702,676)	\$ (1,676,407)	\$ 20,301,695

COUNTY OF SUSSEX, VIRGINIA

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

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		671,142
Public works		26,827
Health and welfare		54,335
Education		376,539
Parks, recreation and cultural		5,698
Community development		<u>5,444</u>
Total Governmental activities	\$	<u><u>1,315,529</u></u>
Component Unit School Board	\$	<u><u>952,384</u></u>

Note 6—Interfund Transfers:

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

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General	\$ 829,851	\$ -
County Capital Projects	<u>-</u>	<u>829,851</u>
Total	\$ <u><u>829,851</u></u>	\$ <u><u>829,851</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, 2021

Note 7—Long-Term Obligations:

Primary Government:

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

	<u>Balance at July 1, 2020</u>	<u>Issuances/ Increases</u>	<u>Retirements/ Decreases</u>	<u>Balance at June 30, 2021</u>	<u>Amounts Due Within One Year</u>
Governmental Activities Obligations:					
Incurred by County:					
Capital lease	\$ 125,746	\$ -	\$ 61,101	\$ 64,645	\$ 64,645
Landfill postclosure costs	2,729,898	8,759	-	2,738,657	-
Net OPEB liabilities	762,671	196,212	177,001	781,882	-
Compensated absences	<u>408,926</u>	<u>111,675</u>	<u>40,893</u>	<u>479,708</u>	<u>47,971</u>
Total incurred by County	\$ <u>4,027,241</u>	\$ <u>316,646</u>	\$ <u>278,995</u>	\$ <u>4,064,892</u>	\$ <u>112,616</u>
Incurred by School Board:					
Direct Borrowings and Direct Placements:					
QZAB Bonds	\$ 3,291,428	\$ -	\$ 1,077,000	\$ 2,214,428	\$ -
Literary Fund Loans	4,968,629	-	711,397	4,257,232	711,397
General obligation bonds	2,950,000	-	230,000	2,720,000	230,000
Bond premium	<u>414,584</u>	<u>-</u>	<u>34,549</u>	<u>380,035</u>	<u>-</u>
Total incurred by School Board	\$ <u>11,624,641</u>	\$ <u>-</u>	\$ <u>2,052,946</u>	\$ <u>9,571,695</u>	\$ <u>941,397</u>
Total Governmental Activities Obligations	\$ <u><u>15,651,882</u></u>	\$ <u><u>316,646</u></u>	\$ <u><u>2,331,941</u></u>	\$ <u><u>13,636,587</u></u>	\$ <u><u>1,054,013</u></u>

The remainder of this page left blank intentionally.

COUNTY OF SUSSEX, VIRGINIA

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

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
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>\$ 2,720,000</u>	<u>\$ 707,061</u>	<u>\$ 2,214,428</u>	<u>\$ -</u>	<u>\$ 4,257,232</u>	<u>\$ 456,676</u>

The remainder of this page left blank intentionally.

COUNTY OF SUSSEX, VIRGINIA

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

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>64,645</u>
Landfill postclosure costs	\$ <u>2,738,657</u>
Net OPEB liabilities	\$ <u>781,882</u>
Compensated absences (payable from the General Fund)	\$ <u>479,708</u>
Total Incurred by County	\$ <u>4,064,892</u>

Incurred by School Board:

QZAB Bonds:

\$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>
--	---------------------

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>2,720,000</u>
Total General Obligation Bonds	\$ <u>2,720,000</u>
Bond Premium	\$ <u>380,035</u>

The remainder of this page left blank intentionally.

COUNTY OF SUSSEX, VIRGINIA

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

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%. \$ 1,806,353

\$7,002,530 Literary loan issued January 1, 2008, due in annual installments of \$350,127 through January 1, 2028, interest at 3%. 2,450,879

Total Literary Fund Loans \$ 4,257,232

Total incurred by School Board \$ 9,571,695

Total Governmental Activities, Primary Government \$ 13,636,587

Discretely Presented Component Unit-School Board:

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

	Balance at July 1, 2020	Increases	Decreases	Balance at June 30, 2021	Amounts Due Within One Year
Component Unit-School Board:					
VRS early retirement liability	\$ 416,419	\$ -	\$ 416,419	\$ -	\$ -
Net OPEB liabilities	2,513,089	618,987	461,313	2,670,763	-
Net pension liability	12,609,141	5,125,473	3,880,514	13,854,100	-
Compensated absences	280,844	-	41,446	239,398	23,940
Total Component Unit-School Board	\$ 15,819,493	\$ 5,744,460	\$ 4,799,692	\$ 16,764,261	\$ 23,940

COUNTY OF SUSSEX, VIRGINIA

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

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 \$2,738,657 reported as landfill closure and postclosure liability at June 30, 2021, 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 2021. 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 \$496,484 at June 30, 2021.

Prepaid Property Taxes - Property taxes due subsequent to June 30, 2021 but paid in advance by the taxpayers totaled \$46,685 at June 30, 2021.

The Discretely Present Component Unit School Board reports unearned revenue related to funding received from Virginia State University in the amount of \$616,830.

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, 2021, 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.

COUNTY OF SUSSEX, VIRGINIA

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

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 lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

	Primary Government
Asset:	
Equipment	\$ 256,497
Less: accumulated depreciation	(153,898)
Total	<u>\$ 102,599</u>

The future minimum lease obligations and the net present value of minimum lease payments as of June 30, 2021, are as follows:

Year Ended June 30	Primary Government
2022	<u>\$ 68,394</u>
Total minimum lease payments	\$ 68,394
Less: amount representing interest	<u>(3,749)</u>
Present value of minimum lease payments	<u>\$ 64,645</u>

COUNTY OF SUSSEX, VIRGINIA

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

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.

Benefit Structures

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

- a. Employees with a membership date before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of 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 with a membership date from July 1, 2010 to December 31, 2013, that have not taken a refund or employees with a membership date prior to July 1, 2010 and not vested before January 1, 2013, are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age plus service equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- c. Non-hazardous duty employees with a membership date on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 - April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service equals 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

COUNTY OF SUSSEX, VIRGINIA

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

Note 14—Pension Plans: (Continued)

Average Final Compensation and Service Retirement Multiplier

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

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

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

Employees Covered by Benefit Terms

As of the June 30, 2019 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	99	38
Inactive members:		
Vested inactive members	16	4
Non-vested inactive members	18	8
Inactive members active elsewhere in VRS	64	18
Total inactive members	98	30
Active members	109	42
Total covered employees	306	110

COUNTY OF SUSSEX, VIRGINIA

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

Note 14—Pension Plans: (Continued)

Contributions

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

The County's contractually required employer contribution rate for the year ended June 30, 2021 was 7.77% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$387,105 and \$334,962 for the years ended June 30, 2021 and June 30, 2020, respectively.

The Component Unit School Board's contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2021 was 2.88% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were \$21,826 and \$25,663 for the years ended June 30, 2021 and June 30, 2020, 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, 2020. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020.

Actuarial Assumptions - General Employees

The total pension liability for General Employees in the County's and Component Unit School Board's (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

COUNTY OF SUSSEX, VIRGINIA

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

Note 14—Pension Plans: (Continued)

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

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 remainder of this page left blank intentionally.

COUNTY OF SUSSEX, VIRGINIA

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

Note 14—Pension Plans: (Continued)

Actuarial Assumptions - General Employees (Continued)

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

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

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

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the County's Retirement Plan was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

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

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

COUNTY OF SUSSEX, VIRGINIA

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

Note 14—Pension Plans: (Continued)

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

All Others (Non-10 Largest) - 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%

The remainder of this page left blank intentionally.

COUNTY OF SUSSEX, VIRGINIA

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

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

* The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 9, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the County and Component Unit School Board (nonprofessional) was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2020, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined

COUNTY OF SUSSEX, VIRGINIA

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

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, 2020, the rate contributed by the school division for the VRS Teacher Retirement Plan was subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2020 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability (Asset)

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2019	\$ 25,457,559	\$ 27,639,141	\$ (2,181,582)
Changes for the year:			
Service cost	\$ 718,848	\$ -	\$ 718,848
Interest	1,677,407	-	1,677,407
Differences between expected and actual experience	767,994	-	767,994
Contributions - employer	-	334,963	(334,963)
Contributions - employee	-	251,940	(251,940)
Net investment income	-	525,514	(525,514)
Benefit payments, including refunds of employee contributions	(1,214,175)	(1,214,175)	-
Administrative expenses	-	(18,116)	18,116
Other changes	-	(620)	620
Net changes	\$ 1,950,074	\$ (120,494)	\$ 2,070,568
Balances at June 30, 2020	\$ 27,407,633	\$ 27,518,647	\$ (111,014)

COUNTY OF SUSSEX, VIRGINIA

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

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, 2019	\$ 3,731,157	\$ 3,996,015	\$ (264,858)
Changes for the year:			
Service cost	\$ 90,209	\$ -	\$ 90,209
Interest	245,894	-	245,894
Differences between expected and actual experience	(111,694)	-	(111,694)
Contributions - employer	-	25,663	(25,663)
Contributions - employee	-	43,573	(43,573)
Net investment income	-	75,957	(75,957)
Benefit payments, including refunds of employee contributions	(176,564)	(176,564)	-
Administrative expenses	-	(2,628)	2,628
Other changes	-	(89)	89
Net changes	\$ 47,845	\$ (34,088)	\$ 81,933
Balances at June 30, 2020	\$ 3,779,002	\$ 3,961,927	\$ (182,925)

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
County's Net Pension Liability (Asset)	\$ 3,140,997	\$ (111,014)	\$ (2,827,110)
Component Unit School Board's (nonprofessional) Net Pension Liability (Asset)	\$ 227,960	\$ (182,925)	\$ (529,231)

COUNTY OF SUSSEX, VIRGINIA

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

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, 2021, the County and Component Unit School Board (nonprofessional) recognized pension expense of \$337,260 and \$65,298, respectively. At June 30, 2021, the County and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 489,735	\$ 114,112	\$ 2,925	\$ 62,490
Change of assumptions	184,689	-	15,523	-
Net difference between projected and actual earnings on pension plan investments	820,948	-	118,297	-
Employer contributions subsequent to the measurement date	387,105	-	25,875	-
Total	<u>\$ 1,882,477</u>	<u>\$ 114,112</u>	<u>\$ 162,620</u>	<u>\$ 62,490</u>

\$387,105 and \$21,826 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30	Primary Government	Component Unit School Board (nonprofessional)
2022	\$ 369,149	\$ (27,985)
2023	468,787	23,876
2024	279,659	40,352
2025	263,665	38,012
2026	-	-
Thereafter	-	-

COUNTY OF SUSSEX, VIRGINIA

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

Note 14—Pension Plans: (Continued)

Pension Plan Data

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

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, 2021 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$1,306,045 and \$1,265,001 for the years ended June 30, 2021 and June 30, 2020, respectively.

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

At June 30, 2021, the school division reported a liability \$13,854,100 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2020 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the school division's proportion was 0.09520% as compared to 0.09581% at June 30, 2019.

COUNTY OF SUSSEX, VIRGINIA

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

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, 2021, the school division recognized pension expense \$1,404,922. 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, 2021, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 812,064
Change of assumptions	945,716	-
Net difference between projected and actual earnings on pension plan investments	1,053,758	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	67,898	411,860
Employer contributions subsequent to the measurement date	<u>1,306,045</u>	<u>-</u>
Total	<u>\$ 3,373,417</u>	<u>\$ 1,223,924</u>

\$1,306,045 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	
2022	\$ (115,320)
2023	253,206
2024	405,215
2025	319,934
2026	(19,587)

COUNTY OF SUSSEX, VIRGINIA

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

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

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

* Administrative expenses as a percent of the fair value of assets for the last experience study were found to be approximately 0.06% of the market assets for all 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.

The remainder of this page left blank intentionally.

COUNTY OF SUSSEX, VIRGINIA

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

Note 14—Pension Plans: (Continued)

Component Unit School Board (professional) (Continued)

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

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

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2020, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

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

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

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, 2021

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 (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset)	\$ 20,327,076	\$ 13,854,100	\$ 8,500,130

Pension Plan Fiduciary Net Position

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

	Primary Government				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	\$ 1,882,477	\$ 114,112	\$ (111,014)	\$ 337,260	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	162,620	62,490	(182,925)	65,298
School Board Professional	-	-	-	-	3,373,417	1,223,924	13,854,100	1,404,922
Totals	\$ 1,882,477	\$ 114,112	\$ (111,014)	\$ 337,260	\$ 3,536,037	\$ 1,286,414	\$ 13,671,175	\$ 1,470,220

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

COUNTY OF SUSSEX, VIRGINIA

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

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

Plan Description (Continued)

multiple-employer plan administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

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

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

Eligible Employees

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

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the 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 \$8,616 as of June 30, 2021.

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% ($1.34\% \times 60\%$) and the employer component was 0.54% ($1.34\% \times 40\%$). 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, 2021 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, 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 \$28,114 and \$27,060 for the years ended June 30, 2021 and June 30, 2020, respectively.

COUNTY OF SUSSEX, VIRGINIA

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

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 \$43,735 and \$43,162 for the years ended June 30, 2021 and June 30, 2020, respectively. Contributions to the Group Life Insurance Plan from the Component Unit School Board (nonprofessional) were \$4,852 and \$4,800 for the years ended June 30, 2021 and June 30, 2020, respectively.

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

At June 30, 2021, the County reported a liability of \$421,882 for its proportionate share of the Net GLI OPEB Liability. The Component Unit School Board (professional) and (nonprofessional) reported liabilities of \$673,041 and \$74,763, respectively, for their proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2020 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the County's proportion was 0.02528% as compared to 0.02579% at June 30, 2019. At June 30, 2020, the Component Unit School Board (professional) and (nonprofessional) proportion was 0.04033% and 0.00448%, respectively as compared to 0.04075% and 0.00459% respectively at June 30, 2019.

For the year ended June 30, 2021, the County recognized GLI OPEB expense of \$8,805. For the year ended June 30, 2021, the Component Unit School Board (professional) recognized GLI OPEB expense of \$18,723. For the year ended June 30, 2021, the Component Unit School Board (nonprofessional) recognized GLI OPEB expense of \$113. 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, 2021, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Primary Government		Component School Board (professional)		Component School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 27,060	\$ 3,790	\$ 43,169	\$ 6,045	\$ 4,795	\$ 671
Net difference between projected and actual earnings on GLI OPEB program investments	12,673	-	20,218	-	2,246	-
Change of assumptions	21,099	8,809	33,660	14,054	3,739	1,561
Changes in proportionate share	1,735	24,748	-	25,584	-	8,635
Employer contributions subsequent to the measurement date	28,114	-	43,735	-	4,852	-
Total	<u>\$ 90,681</u>	<u>\$ 37,347</u>	<u>\$ 140,782</u>	<u>\$ 45,683</u>	<u>\$ 15,632</u>	<u>\$ 10,867</u>

COUNTY OF SUSSEX, VIRGINIA

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

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)

\$28,114, \$43,735 and \$4,852, respectively, reported as deferred outflows of resources related to the GLI OPEB resulting from the County, Component Unit School Board professional and nonprofessional group's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30	Primary Government	Component Unit School Board (professional)	Component Unit School Board (nonprofessional)
2022	\$ (929)	\$ 3,194	\$ (1,612)
2023	2,650	8,904	(978)
2024	8,881	16,585	711
2025	12,376	18,840	1,649
2026	2,290	3,692	163
Thereafter	(48)	149	(20)

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

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

*Administrative expenses as a percent of the fair value of assets for the last experience study were found to be approximately 0.06% of the market assets for all 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.

COUNTY OF SUSSEX, VIRGINIA

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

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

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF SUSSEX, VIRGINIA

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

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

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

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 remainder of this page left blank intentionally.

COUNTY OF SUSSEX, VIRGINIA

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

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

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

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

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

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2020, NOL amounts for the GLI Plans is as follows (amounts expressed in thousands):

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

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

The remainder of this page left blank intentionally.

COUNTY OF SUSSEX, VIRGINIA

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

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

*The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 9, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2020, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2020 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.

COUNTY OF SUSSEX, VIRGINIA

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

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	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
County's proportionate share of the GLI Plan			
Net OPEB Liability	\$ 554,596	\$ 421,882	\$ 314,105
Component School Board (professional)'s proportionate share of the GLI Plan			
Net OPEB Liability	\$ 884,765	\$ 673,041	\$ 501,102
Component School Board (nonprofessional)'s proportionate share of the GLI Plan			
Net OPEB Liability	\$ 98,282	\$ 74,763	\$ 55,664

Group Life Insurance Program Fiduciary Net Position

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

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

Plan Description

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

COUNTY OF SUSSEX, VIRGINIA

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

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

Plan Description (Continued)

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

Eligible Employees

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

Benefit Amounts

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

HIC Plan Notes

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

Employees Covered by Benefit Terms

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

	<u>Number</u>
Active members	<u>42</u>
Total covered employees	<u>42</u>

Contributions

The contribution requirements for active employees is governed by §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The School Board’s contractually required employer contribution rate for the year ended June 30, 2021 was 0.67% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the School Board to the HIC Plan were \$6,019 and \$0 for the years ended June 30, 2021 and June 30, 2020, respectively.

COUNTY OF SUSSEX, VIRGINIA

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

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

Net HIC OPEB Liability

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

Actuarial Assumptions

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

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

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF SUSSEX, VIRGINIA

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

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

Actuarial Assumptions: (Continued)

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered 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%

The remainder of this page left blank intentionally.

COUNTY OF SUSSEX, VIRGINIA

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

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

Long-Term Expected Rate of Return

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

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

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

COUNTY OF SUSSEX, VIRGINIA

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

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

Discount Rate

The discount rate used to measure the total HIC OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2020, the rate contributed by the entity for the HIC OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2020 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

Changes in Net HIC OPEB Liability

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2019	\$ -	\$ -	\$ -
Benefit changes	\$ 97,756	\$ -	\$ 97,756
Net changes	\$ 97,756	\$ -	\$ 97,756
Balances at June 30, 2020	\$ 97,756	\$ -	\$ 97,756

The remainder of this page left blank intentionally.

COUNTY OF SUSSEX, VIRGINIA

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

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

Sensitivity of the County's HIC Net OPEB Liability to Changes in the Discount Rate

The following presents the School Board's HIC Plan net HIC OPEB liability using the discount rate of 6.75%, as well as what the School Board's 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 Board (non-professional)'s			
Net HIC OPEB Liability	\$ 107,073	\$ 97,756	\$ 89,652

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

For the year ended June 30, 2021, the School Board recognized HIC Plan OPEB expense of \$97,759. At June 30, 2021, the School Board reported deferred outflows of resources and deferred inflows of resources related to the School Board's HIC Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions subsequent to the measurement date	\$ 6,019	\$ -
Total	\$ 6,019	\$ -

\$6,019 as deferred outflows of resources related to the HIC OPEB resulting from the School Board's contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2022.

HIC Plan Data

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

COUNTY OF SUSSEX, VIRGINIA

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

Note 17—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.

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, 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, 2021 was 1.21% 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, 2019. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee HIC Plan were \$97,841 and \$99,289 for the years ended June 30, 2021 and June 30, 2020, respectively.

COUNTY OF SUSSEX, VIRGINIA

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

Note 17—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

At June 30, 2021, the school division reported a liability of \$1,231,203 for its proportionate share of the VRS Teacher Employee HIC Net OPEB Liability. The Net VRS Teacher Employee HIC OPEB Liability was measured as of June 30, 2020 and the total VRS Teacher Employee HIC OPEB liability used to calculate the Net VRS Teacher Employee HIC OPEB Liability was determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. The school division's proportion of the Net VRS Teacher Employee HIC OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC OPEB plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the school division's proportion of the VRS Teacher Employee HIC was 0.09440% as compared to 0.09482% at June 30, 2019.

For the year ended June 30, 2021, the school division recognized VRS Teacher Employee HIC OPEB expense of \$89,455. 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, 2021, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee HIC OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 16,442
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	5,456	-
Change of assumptions	24,339	6,727
Change in proportionate share	5,560	59,841
Employer contributions subsequent to the measurement date	<u>97,841</u>	<u>-</u>
Total	<u>\$ 133,196</u>	<u>\$ 83,010</u>

\$97,841 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2022	\$ (11,372)
2023	(10,831)
2024	(11,012)
2025	(7,554)
2026	(3,092)
Thereafter	(3,794)

COUNTY OF SUSSEX, VIRGINIA

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

Note 17—Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Actuarial Assumptions

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

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

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

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The remainder of this page left blank intentionally.

COUNTY OF SUSSEX, VIRGINIA

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

Note 17—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, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Net Teacher Employee HIC OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee HIC Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2020, NOL amounts for the VRS Teacher Employee HIC Plan is as follows (amounts expressed in thousands):

		Teacher Employee HIC OPEB Plan
Total Teacher Employee HIC OPEB Liability	\$	1,448,676
Plan Fiduciary Net Position		144,160
Teacher Employee net HIC OPEB Liability (Asset)	\$	<u>1,304,516</u>
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability		9.95%

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.

COUNTY OF SUSSEX, VIRGINIA

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

Note 17—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)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.14%

*The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 9, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

Discount Rate

The discount rate used to measure the total Teacher Employee HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2020, the rate contributed by each school division for the VRS Teacher Employee HIC Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2020 on, all agencies are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

COUNTY OF SUSSEX, VIRGINIA

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

Note 17—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	\$ 1,378,203	\$ 1,231,203	\$ 1,106,263

Teacher Employee HIC OPEB Fiduciary Net Position

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

Note 18—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, 2021

Note 18—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, 2020 (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, 2021 was \$28,000 and \$43,000.

Total OPEB Liability

The County and School Board's total OPEB liability was measured as of July 1, 2020. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2019.

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	2.45% 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, 2021

Note 18—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-2020.

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, 2020.

Changes in Total OPEB Liability

	Primary Government Total OPEB Liability	Component Unit School Board Total OPEB Liability
Balances at June 30, 2020	\$ 343,000	\$ 534,000
Changes for the year:		
Service cost	12,000	44,000
Interest	11,000	17,000
Difference between expected and actual experience	8,000	14,000
Contributions - employer	(28,000)	(43,000)
Assumption changes	14,000	28,000
Net changes	\$ 17,000	\$ 60,000
Balances at June 30, 2021	\$ 360,000	\$ 594,000

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 (1.45%) or one percentage point higher (3.45%) than the current discount rate:

	Rate		
	1% Decrease (1.45%)	Current Discount Rate (2.45%)	1% Increase (3.45%)
Primary Government:			
Total OPEB liability	\$ 382,000	\$ 360,000	\$ 340,000
Component Unit School Board:			
Total OPEB liability	\$ 636,000	\$ 594,000	\$ 554,000

COUNTY OF SUSSEX, VIRGINIA

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

Note 18—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 (6.95%) or one percentage point higher (8.95%) than the current healthcare cost trend rates:

		Rates		
		Healthcare Cost		
		1% Decrease (6.95%)	Trend (7.95%)	1% Increase (8.95%)
Primary Government:				
Total OPEB liability	\$	333,000	\$ 360,000	\$ 390,000
Component Unit School Board:				
Total OPEB liability	\$	528,000	\$ 594,000	\$ 669,000

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

For the year ended June 30, 2021, the County and the School Board recognized OPEB expense in the amount of \$33,000 and (\$54,000). At June 30, 2021, 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	\$ 52,000	\$ 17,000	\$ 31,000	\$ 197,000
Changes in assumptions	17,000	4,000	31,000	35,000
Employer contributions subsequent to the measurement date	28,000	-	43,000	-
Total	<u>\$ 97,000</u>	<u>\$ 21,000</u>	<u>\$ 105,000</u>	<u>\$ 232,000</u>

COUNTY OF SUSSEX, VIRGINIA

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

Note 18—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:

<u>Year Ended June 30</u>	<u>Primary Government</u>	<u>Component Unit School Board</u>
2022	\$ 9,000	\$ (119,000)
2023	17,000	(47,000)
2024	20,000	(10,000)
2025	2,000	6,000
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 19—Summary of Other Postemployment Benefit Plans:

	<u>Primary Government</u>				<u>Component Unit School Board</u>			
	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Net OPEB Liability</u>	<u>OPEB Expense</u>	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Net OPEB Liability</u>	<u>OPEB Expense</u>
VRS OPEB Plans:								
Group Life Insurance Program (Note 15):								
County	\$ 90,681	\$ 37,347	\$ 421,882	\$ 8,805	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	15,632	10,867	74,763	113
School Board Professional	-	-	-	-	140,782	45,683	673,041	18,723
Health Insurance Credit Program (Note 16)	-	-	-	-	6,019	-	97,756	97,759
Teacher Health Insurance Credit Program (Note 17)	-	-	-	-	133,196	83,010	1,231,203	89,455
County Stand-Alone Plan (Note 18)	97,000	21,000	360,000	33,000	-	-	-	-
School Stand-Alone Plan (Note 18)	-	-	-	-	105,000	232,000	594,000	(54,000)
Totals	<u>\$ 187,681</u>	<u>\$ 58,347</u>	<u>\$ 781,882</u>	<u>\$ 41,805</u>	<u>\$ 400,629</u>	<u>\$ 371,560</u>	<u>\$ 2,670,763</u>	<u>\$ 152,050</u>

The remainder of this page left blank intentionally.

COUNTY OF SUSSEX, VIRGINIA

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

Note 20—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 21—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 \$74,159 to the District 19 Community Services Board for the fiscal year ended June 30, 2021.

Note 22—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, 2021

Note 22—Fair Value Measurements: (Continued)

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

Investment type	Balance June 30, 2021	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Primary Government				
Money market mutual fund:				
QZAB bond sinking fund 2006	\$ 1,816,711	\$ 1,816,711	\$ -	\$ -
	\$ 1,816,711	\$ 1,816,711	\$ -	\$ -

Note 23—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, 2021 was \$40,427.

COUNTY OF SUSSEX, VIRGINIA

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

Note 24—Adoption of Accounting Principles:

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

	Net Position							
	Fiduciary Funds		Custodial Funds					
	Component Unit School Board	Private-Purpose Trusts	Special Welfare	Canteen	Jail Inmate	Robert Mitchell Scholarship	Rotary Scholarship	Richard Clements Moore III Scholarship
Balance, July 1, 2020, as previously stated	\$ 4,921,997	\$ 93,207	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Implementation of GASB 84:								
Record custodial funds	-	(93,207)	55,131	3,311	9,553	26,202	33,437	33,568
Record School Activity Funds	27,551	-	-	-	-	-	-	-
Balance, July 1, 2020, as restated	\$ 4,949,548	\$ -	\$ 55,131	\$ 3,311	\$ 9,553	\$ 26,202	\$ 33,437	\$ 33,568

Note 25—Upcoming Pronouncements:

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

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

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

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

COUNTY OF SUSSEX, VIRGINIA

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

Note 25—Upcoming Pronouncements: (Continued)

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

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

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

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

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

Note 26—COVID-19 Pandemic Funding and Subsequent Events:

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

COUNTY OF SUSSEX, VIRGINIA

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

Note 26—COVID-19 Pandemic Funding and Subsequent Events: (Continued)

CARES Act Funding

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

Each locality received its CRF allocations based on population in two equal payments, with the second and final round of funding being received during fiscal year 2021. The County received total CRF funding of \$1,947,160. In addition, the School Board received CRF funding from the Virginia Department of Education in the amount of \$180,355. As a condition of receiving CRF funds, any funds unexpended as of December 31, 2021 will be returned to the federal government. Unspent CRF funds in the amount of \$96,598 are reported as unearned revenue as of June 30.

ARPA Funding

On March 11, 2021, the American Rescue Plan (ARPA) Act of 2021 was passed by the federal government. A primary component of the ARPA was the establishment of the Coronavirus State and Local Fiscal Recovery Fund (CSLFRF). Local governments are to receive funds in two tranches, with 50% provided beginning in May 2021 and the balance delivered approximately 12 months later.

On June 30, 2021, the County received its share of the first half of the CSLFRF funds. As a condition of receiving CSLFRF funds, any funds unobligated by December 31, 2024, and unexpended by December 31, 2026, will be returned to the federal government. Unspent funds in the amount of \$1,083,752 from the initial allocation are reported as unearned revenue as of June 30.

ESF Funding

The CARES Act also established the Education Stabilization Fund (ESF) and allocated \$30.75 billion to the U.S. Department of Education. The ESF is composed of three primary emergency relief funds: (1) a Governor's Emergency Education Relief (GEER) Fund, (2) an Elementary and Secondary School Emergency Relief (ESSER) Fund, and (3) a Higher Education Emergency Relief (HEER) Fund. The Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA Act) was signed into law on December 27, 2020 and added \$81.9 billion to the ESF. In March 2021, the American Rescue Plan Act (ARP Act), in support of ongoing state and institutional COVID-19 recovery efforts, added more than \$170 billion to the ESF. The School Board is receiving this funding from the Virginia Department of Education on a reimbursement basis.

REQUIRED SUPPLEMENTARY INFORMATION

THIS PAGE LEFT BLANK INTENTIONALLY

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u> <u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	
REVENUES				
General property taxes	\$ 10,031,910	\$ 10,031,910	\$ 10,309,364	\$ 277,454
Other local taxes	1,281,678	1,281,678	1,439,329	157,651
Permits, privilege fees, and regulatory licenses	71,400	71,400	65,959	(5,441)
Fines and forfeitures	1,125,000	1,125,000	824,158	(300,842)
Revenue from the use of money and property	145,050	145,050	86,339	(58,711)
Charges for services	6,091,054	6,091,244	5,964,182	(127,062)
Miscellaneous	51,500	80,958	267,015	186,057
Recovered costs	329,636	329,636	409,951	80,315
Intergovernmental:				
Commonwealth	4,938,613	4,946,813	4,751,848	(194,965)
Federal	1,305,981	2,907,035	4,007,890	1,100,855
Total revenues	<u>\$ 25,371,822</u>	<u>\$ 27,010,724</u>	<u>\$ 28,126,035</u>	<u>\$ 1,115,311</u>
EXPENDITURES				
Current:				
General government administration	\$ 2,320,348	\$ 4,789,916	\$ 3,901,798	\$ 888,118
Judicial administration	1,355,034	1,400,497	1,291,835	108,662
Public safety	6,456,527	7,017,901	5,878,788	1,139,113
Public works	800,963	817,042	626,883	190,159
Health and welfare	3,157,492	3,171,239	2,650,723	520,516
Education	8,003,652	8,003,652	8,140,627	(136,975)
Parks, recreation, and cultural	240,065	240,065	234,065	6,000
Community development	1,177,406	3,653,958	2,294,455	1,359,503
Debt service:				
Principal retirement	941,397	941,397	941,397	-
Interest and other fiscal charges	386,806	482,833	278,370	204,463
Total expenditures	<u>\$ 24,839,690</u>	<u>\$ 30,518,500</u>	<u>\$ 26,238,941</u>	<u>\$ 4,279,559</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 532,132</u>	<u>\$ (3,507,776)</u>	<u>\$ 1,887,094</u>	<u>\$ 5,394,870</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 361,084	\$ 829,851	\$ 468,767
Transfers out	(417,132)	-	-	-
Total other financing sources (uses)	<u>\$ (417,132)</u>	<u>\$ 361,084</u>	<u>\$ 829,851</u>	<u>\$ 468,767</u>
Net change in fund balances	\$ 115,000	\$ (3,146,692)	\$ 2,716,945	\$ 5,863,637
Fund balances - beginning	(115,000)	3,146,692	6,397,067	3,250,375
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,114,012</u>	<u>\$ 9,114,012</u>

County of Sussex, Virginia
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
Primary Government
For the Measurement Dates of June 30, 2014 through June 30, 2020

	2020	2019
Total pension liability		
Service cost	\$ 718,848	\$ 637,710
Interest	1,677,407	1,648,032
Changes of assumptions	-	683,845
Differences between expected and actual experience	767,994	(422,526)
Benefit payments	(1,214,175)	(1,265,631)
Net change in total pension liability	\$ 1,950,074	\$ 1,281,430
Total pension liability - beginning	25,457,559	24,176,129
Total pension liability - ending (a)	\$ 27,407,633	\$ 25,457,559
Plan fiduciary net position		
Contributions - employer	\$ 334,963	\$ 329,829
Contributions - employee	251,940	260,578
Net investment income	525,514	1,756,137
Benefit payments	(1,214,175)	(1,265,631)
Administror charges	(18,116)	(17,758)
Other	(620)	(1,103)
Net change in plan fiduciary net position	\$ (120,494)	\$ 1,062,052
Plan fiduciary net position - beginning	27,639,141	26,577,089
Plan fiduciary net position - ending (b)	\$ 27,518,647	\$ 27,639,141
County's net pension liability (asset) - ending (a) - (b)	\$ (111,014)	\$ (2,181,582)
Plan fiduciary net position as a percentage of the total pension liability	100.41%	108.57%
Covered payroll	\$ 5,192,869	\$ 5,041,344
County's net pension liability (asset) as a percentage of covered payroll	-2.14%	-43.27%

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

2018	2017	2016	2015	2014
\$ 645,675	\$ 684,571	\$ 627,879	\$ 645,288	\$ 590,927
1,688,267	1,659,491	1,596,021	1,491,519	1,406,176
-	(445,825)	-	-	-
(1,726,334)	(526,277)	(508,419)	174,511	-
(1,099,149)	(822,598)	(794,935)	(841,948)	(713,892)
\$ (491,541)	\$ 549,362	\$ 920,546	\$ 1,469,370	\$ 1,283,211
24,667,670	24,118,308	23,197,762	21,728,392	20,445,181
<u>\$ 24,176,129</u>	<u>\$ 24,667,670</u>	<u>\$ 24,118,308</u>	<u>\$ 23,197,762</u>	<u>\$ 21,728,392</u>
\$ 428,550	\$ 421,878	\$ 534,939	\$ 507,532	\$ 575,363
292,116	236,561	254,475	236,929	246,243
1,856,069	2,756,617	393,097	983,229	2,902,874
(1,099,149)	(822,598)	(794,935)	(841,948)	(713,892)
(16,060)	(15,789)	(13,696)	(13,354)	(15,408)
(1,650)	(2,455)	(165)	(206)	153
\$ 1,459,876	\$ 2,574,214	\$ 373,715	\$ 872,182	\$ 2,995,333
25,117,213	22,542,999	22,169,284	21,297,102	18,301,769
<u>\$ 26,577,089</u>	<u>\$ 25,117,213</u>	<u>\$ 22,542,999</u>	<u>\$ 22,169,284</u>	<u>\$ 21,297,102</u>
\$ (2,400,960)	\$ (449,543)	\$ 1,575,309	\$ 1,028,478	\$ 431,290
109.93%	101.82%	93.47%	95.57%	98.02%
\$ 4,873,615	\$ 4,806,381	\$ 5,036,650	\$ 4,764,080	\$ 4,832,947
-49.26%	-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)
For the Measurement Dates of June 30, 2014 through June 30, 2020

	2020	2019
Total pension liability		
Service cost	\$ 90,209	\$ 84,187
Interest	245,894	236,713
Changes of assumptions	-	95,125
Differences between expected and actual experience	(111,694)	17,929
Benefit payments	(176,564)	(168,823)
Net change in total pension liability	\$ 47,845	\$ 265,131
Total pension liability - beginning	3,731,157	3,466,026
Total pension liability - ending (a)	\$ 3,779,002	\$ 3,731,157
Plan fiduciary net position		
Contributions - employer	\$ 25,663	\$ 26,101
Contributions - employee	43,573	43,048
Net investment income	75,957	253,843
Benefit payments	(176,564)	(168,823)
Administrator charges	(2,628)	(2,558)
Other	(89)	(160)
Net change in plan fiduciary net position	\$ (34,088)	\$ 151,451
Plan fiduciary net position - beginning	3,996,015	3,844,564
Plan fiduciary net position - ending (b)	\$ 3,961,927	\$ 3,996,015
School Division's net pension liability (asset) - ending (a) - (b)	\$ (182,925)	\$ (264,858)
Plan fiduciary net position as a percentage of the total pension liability	104.84%	107.10%
Covered payroll	\$ 923,134	\$ 899,274
School Division's net pension liability (asset) as a percentage of covered payroll	-19.82%	-29.45%

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

2018	2017	2016	2015	2014
\$ 79,263	\$ 97,336	\$ 107,869	\$ 123,372	\$ 128,063
227,102	230,820	225,719	216,841	202,821
-	(53,745)	-	-	-
(1,973)	(159,599)	(59,657)	(32,090)	-
(165,357)	(170,493)	(231,619)	(130,986)	(130,207)
\$ 139,035	\$ (55,681)	\$ 42,312	\$ 177,137	\$ 200,677
3,326,991	3,382,672	3,340,360	3,163,223	2,962,546
<u>\$ 3,466,026</u>	<u>\$ 3,326,991</u>	<u>\$ 3,382,672</u>	<u>\$ 3,340,360</u>	<u>\$ 3,163,223</u>
\$ 42,138	\$ 41,054	\$ 75,486	\$ 80,878	\$ 100,515
43,896	42,611	47,846	51,355	53,467
269,090	402,899	56,606	149,384	441,674
(165,357)	(170,493)	(231,619)	(130,986)	(130,207)
(2,343)	(2,361)	(2,147)	(2,015)	(2,339)
(239)	(357)	(25)	(33)	23
\$ 187,185	\$ 313,353	\$ (53,853)	\$ 148,583	\$ 463,133
3,657,379	3,344,026	3,397,879	3,249,296	2,786,163
<u>\$ 3,844,564</u>	<u>\$ 3,657,379</u>	<u>\$ 3,344,026</u>	<u>\$ 3,397,879</u>	<u>\$ 3,249,296</u>
\$ (378,538)	\$ (330,388)	\$ 38,646	\$ (57,519)	\$ (86,073)
110.92%	109.93%	98.86%	101.72%	102.72%
\$ 910,707	\$ 867,985	\$ 969,777	\$ 1,020,209	\$ 1,078,493
-41.57%	-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
For the Measurement Dates of June 30, 2014 through June 30, 2020

	2020	2019
Employer's Proportion of the Net Pension Liability (Asset)	0.09520%	0.09581%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 13,854,100	\$ 12,609,141
Employer's Covered Payroll	8,274,107	7,959,969
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	167.44%	158.41%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.47%	73.51%

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

	2018	2017	2016	2015	2014
	0.09814%	0.09744%	0.10150%	0.09911%	0.10465%
\$ 11,541,000	\$ 11,983,000	\$ 14,224,000	\$ 12,474,000	\$ 12,646,000	
7,934,247	7,652,585	8,594,033	7,368,917	7,650,889	
145.46%	156.59%	165.51%	169.28%	165.29%	
74.81%	72.92%	68.28%	70.68%	70.88%	

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

Exhibit 13

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2021	\$ 387,105	\$ 387,105	\$ -	\$ 5,193,157	7.45%
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%
Component Unit School Board (nonprofessional)					
2021	\$ 21,826	\$ 21,826	\$ -	\$ 898,431	2.43%
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%
Component Unit School Board (professional)					
2021	\$ 1,306,045	\$ 1,306,045	\$ -	\$ 8,086,073	16.15%
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%

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

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

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older 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 2020

Exhibit 15

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
Primary Government:					
2020	0.02528% \$	421,882 \$	5,203,775	8.11%	52.64%
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):					
2020	0.00448% \$	74,763 \$	923,134	8.10%	52.64%
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):					
2020	0.04033% \$	673,041 \$	8,300,347	8.11%	52.64%
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, 2012 through June 30, 2021

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:					
2021	\$ 28,114	\$ 28,114	\$ -	\$ 5,206,210	0.54%
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%
Component Unit School Board (nonprofessional):					
2021	\$ 4,852	\$ 4,852	\$ -	\$ 898,431	0.54%
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%
Component Unit School Board (professional):					
2021	\$ 43,735	\$ 43,735	\$ -	\$ 8,099,113	0.54%
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%

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

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

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

Teachers

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

Non-Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

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

	<u>2020</u>
Total HIC OPEB Liability	
Changes in benefit terms	\$ 97,756
Net change in total HIC OPEB liability	\$ 97,756
Total HIC OPEB Liability - beginning	-
Total HIC OPEB Liability - ending (a)	<u>\$ 97,756</u>
 School Board's net HIC OPEB liability - ending (a) - (b)	 \$ 97,756
 Plan fiduciary net position as a percentage of the total HIC OPEB liability	 0.00%
 Covered payroll	 \$ -
 School Board's net HIC OPEB liability as a percentage of covered payroll	 0.00%

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

Schedule of Employer Contributions

Health Insurance Credit (HIC) Plan

Component Unit School Board (nonprofessional)

For the Year Ended June 30, 2021

Date	Contributions in Relation to					Contributions as a % of Covered Payroll (5)
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)		
2021	\$ 6,019	\$ 6,019	\$ -	\$ 898,431		0.67%

Schedule is intended to show information for 10 years. However, the program was not utilized until the year ended June 30, 2021.

Notes to Required Supplementary Information
Health Insurance Credit (HIC) Plan
Component Unit School Board (nonprofessional)
For the Year Ended June 30, 2021

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

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

Non-Largest Ten Locality Employers - General Employees

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

County of 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 2020

Exhibit 21

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)
2020	0.09440% \$	1,231,203 \$	8,274,107	14.88%	9.95%
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.

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

Exhibit 22

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)
2021	\$ 97,841	\$ 97,841	\$ -	\$ 8,086,073	1.21%
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%

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

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

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

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

Primary Government

For the Years Ended June 30, 2018 through June 30, 2021

	2021	2020	2019	2018
Total OPEB liability				
Service cost	\$ 12,000	\$ 13,000	\$ 13,000	\$ 17,000
Interest	11,000	10,000	9,000	9,000
Differences between expected and actual experience	8,000	69,000	14,000	(69,000)
Contributions - employer	(28,000)	(28,000)	(13,000)	(13,000)
Assumption changes	14,000	10,000	(2,000)	(12,000)
Net change in total OPEB liability	\$ 17,000	\$ 74,000	\$ 21,000	\$ (68,000)
Total OPEB liability - beginning	343,000	269,000	248,000	316,000
Total OPEB liability - ending	\$ 360,000	\$ 343,000	\$ 269,000	\$ 248,000
 Covered employee payroll	 \$ 3,907,000	 \$ 3,907,000	 \$ 4,009,000	 \$ 4,009,000
 County's total OPEB liability (asset) as a percentage of covered-employee payroll	 9.21%	 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, 2021

	2021	2020	2019	2018
Total OPEB liability				
Service cost	\$ 44,000	\$ 44,000	\$ 48,000	\$ 62,000
Interest	17,000	25,000	24,000	32,000
Differences between expected and actual experience	14,000	(184,000)	59,000	(419,000)
Contributions - employer	(43,000)	(43,000)	(36,000)	(18,000)
Assumption changes	28,000	17,000	(74,000)	(37,000)
Net change in total OPEB liability	\$ 60,000	\$ (141,000)	\$ 21,000	\$ (380,000)
Total OPEB liability - beginning	534,000	675,000	654,000	1,034,000
Total OPEB liability - ending	\$ 594,000	\$ 534,000	\$ 675,000	\$ 654,000
 Covered employee payroll	 \$ 7,620,000	 \$ 7,620,000	 \$ 7,651,000	 \$ 6,788,000
 School Board's total OPEB liability (asset) as a percentage of covered-employee payroll	 7.80%	 7.01%	 8.82%	 9.63%

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

County of Sussex, Virginia
Notes to Required Supplementary Information - Primary Government OPEB
For the Year Ended June 30, 2021

Exhibit 26

Valuation Date: 7/1/2019
Measurement Date: 7/1/2020

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	2.45% based on the Municipal GO AA 20-year yield curve rate as of measurement date
Inflation	Not available
Healthcare Trend Rate	7.95% 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-2020

Notes to Required Supplementary Information - Component Unit School Board OPEB
For the Year Ended June 30, 2021

Valuation Date: 7/1/2019
Measurement Date: 7/1/2020

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	2.45% based on the Municipal GO AA 20-year yield curve rate as of measurement date
Inflation	Not available
Healthcare Trend Rate	7.95% 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-2020

OTHER SUPPLEMENTARY INFORMATION

THIS PAGE LEFT BLANK INTENTIONALLY

*COMBINING AND INDIVIDUAL FUND FINANCIAL
STATEMENTS AND SCHEDULES*

THIS PAGE LEFT BLANK INTENTIONALLY

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, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 77,279	\$ 77,279
Miscellaneous	-	-	300,630	300,630
Intergovernmental:				
Commonwealth	-	406,866	-	(406,866)
Total revenues	\$ -	\$ 406,866	\$ 377,909	\$ (28,957)
EXPENDITURES				
Current:				
Education	\$ 27,000	\$ 27,000	\$ -	\$ 27,000
Capital projects	321,738	1,173,844	318,093	855,751
Debt service:				
Principal retirement	61,101	61,101	1,138,101	(1,077,000)
Interest and other fiscal charges	7,293	7,293	7,293	-
Total expenditures	\$ 417,132	\$ 1,269,238	\$ 1,463,487	\$ (194,249)
Excess (deficiency) of revenues over (under) expenditures	\$ (417,132)	\$ (862,372)	\$ (1,085,578)	\$ (223,206)
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 417,132	\$ -	\$ -	\$ -
Transfers out	-	(361,084)	(829,851)	(468,767)
Total other financing sources (uses)	\$ 417,132	\$ (361,084)	\$ (829,851)	\$ (468,767)
Net change in fund balances	\$ -	\$ (1,223,456)	\$ (1,915,429)	\$ (691,973)
Fund balances - beginning	-	1,223,456	9,928,296	8,704,840
Fund balances - ending	\$ -	\$ -	\$ 8,012,867	\$ 8,012,867

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, 2021

	County Special Revenue Fund				Variance with Final Budget Positive (Negative)
	Budgeted Amounts				
	<u>Original</u>	<u>Final</u>	<u>Actual</u>		
REVENUES					
Revenue from the use of money and property	\$ 16	\$ 80	\$ 202	\$	122
Charges for services	750	750	1,205		455
Total revenues	<u>\$ 766</u>	<u>\$ 830</u>	<u>\$ 1,407</u>	<u>\$</u>	<u>577</u>
EXPENDITURES					
Current:					
Judicial administration	\$ 766	\$ 766	\$ -	\$	766
Public safety	-	14,060	2,993		11,067
Total expenditures	<u>\$ 766</u>	<u>\$ 14,826</u>	<u>\$ 2,993</u>	<u>\$</u>	<u>11,833</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (13,996)</u>	<u>\$ (1,586)</u>	<u>\$</u>	<u>12,410</u>
Net change in fund balances	\$ -	\$ (13,996)	\$ (1,586)	\$	12,410
Fund balances - beginning	-	13,996	44,464		30,468
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,878</u>	<u>\$</u>	<u>42,878</u>

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

Custodial Funds								
		<u>Special Welfare</u>	<u>Canteen</u>	<u>Jail Inmate</u>	<u>Robert Mitchell Scholarship</u>	<u>Rotary Scholarship</u>	<u>Richard Clements Moore III Scholarship</u>	<u>Total</u>
ASSETS								
Cash and cash equivalents	\$	9,521	\$ 4,425	\$ 17,959	\$ 26,245	\$ 31,443	\$ 34,605	\$ 124,198
Receivables:								
Accounts receivable		83	-	-	-	-	-	83
Total assets	\$	9,604	\$ 4,425	\$ 17,959	\$ 26,245	\$ 31,443	\$ 34,605	\$ 124,281
NET POSITION								
Restricted for:								
Individuals	\$	9,604	\$ 4,425	\$ 17,959	\$ -	\$ -	\$ -	\$ 31,988
Scholarships		-	-	-	26,245	31,443	34,605	92,293
Total net position	\$	9,604	\$ 4,425	\$ 17,959	\$ 26,245	\$ 31,443	\$ 34,605	\$ 124,281

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

	Custodial Funds						
	<u>Special Welfare</u>	<u>Canteen</u>	<u>Jail Inmate</u>	<u>Robert Mitchell Scholarship</u>	<u>Rotary Scholarship</u>	<u>Richard Clements Moore III Scholarship</u>	<u>Total</u>
ADDITIONS							
Contributions:							
Private contributions	\$ 42,272	\$ 8,216	\$ 69,965	\$ -	\$ -	\$ 1,000	\$ 121,453
Investment earnings:							
Interest	271	-	-	843	1,006	1,037	3,157
Total additions	<u>\$ 42,543</u>	<u>\$ 8,216</u>	<u>\$ 69,965</u>	<u>\$ 843</u>	<u>\$ 1,006</u>	<u>\$ 2,037</u>	<u>\$ 124,610</u>
DEDUCTIONS							
Scholarships	\$ -	\$ -	\$ -	\$ 800	\$ 3,000	\$ 1,000	\$ 4,800
Bank charges	-	-	60	-	-	-	60
Recipient payments	88,070	7,102	61,499	-	-	-	156,671
Total deductions	<u>\$ 88,070</u>	<u>\$ 7,102</u>	<u>\$ 61,559</u>	<u>\$ 800</u>	<u>\$ 3,000</u>	<u>\$ 1,000</u>	<u>\$ 161,531</u>
Net increase (decrease) in fiduciary net position	\$ (45,527)	\$ 1,114	\$ 8,406	\$ 43	\$ (1,994)	\$ 1,037	\$ (36,921)
Net position - beginning, as restated	55,131	3,311	9,553	26,202	33,437	33,568	161,202
Net position - ending	<u>\$ 9,604</u>	<u>\$ 4,425</u>	<u>\$ 17,959</u>	<u>\$ 26,245</u>	<u>\$ 31,443</u>	<u>\$ 34,605</u>	<u>\$ 124,281</u>

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

*DISCRETELY PRESENTED COMPONENT UNIT
SCHOOL BOARD*

THIS PAGE LEFT BLANK INTENTIONALLY

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

	School Operating Fund	School Special Revenue Fund	School Activity Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 2,141,081	\$ 372,713	\$ 30,861	\$ 2,544,655
Due from other governmental units	1,021,101	80,136	-	1,101,237
Total assets	<u>\$ 3,162,182</u>	<u>\$ 452,849</u>	<u>\$ 30,861</u>	<u>\$ 3,645,892</u>
LIABILITIES				
Accounts payable	186,074	31,092	\$ -	\$ 217,166
Accrued liabilities	1,275,404	36,995	-	1,312,399
Unearned revenue	616,830	-	-	616,830
Due to other governmental units	1,083,874	-	-	1,083,874
Total liabilities	<u>\$ 3,162,182</u>	<u>\$ 68,087</u>	<u>\$ -</u>	<u>\$ 3,230,269</u>
FUND BALANCES				
Committed:				
School cafeteria fund	\$ -	\$ 159,771	\$ -	\$ 159,771
School textbook fund	-	224,991	-	224,991
School activity funds	-	-	30,861	30,861
Total fund balances	<u>\$ -</u>	<u>\$ 384,762</u>	<u>\$ 30,861</u>	<u>\$ 415,623</u>
Total liabilities and fund balances	<u>\$ 3,162,182</u>	<u>\$ 452,849</u>	<u>\$ 30,861</u>	<u>\$ 3,645,892</u>

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

Total fund balances per above \$ 415,623

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	\$ 35,536,179	
Accumulated depreciation	<u>(15,234,484)</u>	20,301,695

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

Pension related items	\$ 3,536,037	
OPEB related items	<u>400,629</u>	3,936,666

The net pension asset is not an available resource and, therefore, is not reported in the funds. 182,925

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:

Net OPEB liabilities	\$ (2,670,763)	
Net pension liability	(13,854,100)	
Compensated absences	<u>(239,398)</u>	(16,764,261)

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

Pension related items	\$ (1,286,414)	
OPEB related items	<u>(371,560)</u>	(1,657,974)

Net position of governmental activities \$ 6,414,674

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, 2021

	School Operating Fund	School Special Revenue Fund	School Activity Fund	Total Governmental Funds
REVENUES				
Revenue from the use of money and property	\$ -	\$ 104	\$ -	\$ 104
Charges for services	-	13,112	-	13,112
Miscellaneous	209,910	-	9,332	219,242
Intergovernmental:				
Local government	8,097,716	38,429	-	8,136,145
Commonwealth	9,383,651	77,277	-	9,460,928
Federal	1,348,272	1,080,459	-	2,428,731
Total revenues	<u>\$ 19,039,549</u>	<u>\$ 1,209,381</u>	<u>\$ 9,332</u>	<u>\$ 20,258,262</u>
EXPENDITURES				
Current:				
Education	\$ 18,748,856	\$ 1,004,679	\$ 6,022	\$ 19,759,557
Debt service:				
Principal retirement	416,419	-	-	416,419
Total expenditures	<u>\$ 19,165,275</u>	<u>\$ 1,004,679</u>	<u>\$ 6,022</u>	<u>\$ 20,175,976</u>
Net change in fund balances	\$ (125,726)	\$ 204,702	\$ 3,310	\$ 82,286
Fund balances - beginning, as restated	125,726	180,060	27,551	333,337
Fund balances - ending	<u>\$ -</u>	<u>\$ 384,762</u>	<u>\$ 30,861</u>	<u>\$ 415,623</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				\$ 82,286
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			\$ 1,676,407	
Capital outlays			249,708	
Depreciation expense			<u>(952,384)</u>	973,731
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				416,419
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			\$ 41,446	
Pension expense			(139,261)	
OPEB expense			<u>90,505</u>	(7,310)
Change in net position of governmental activities				<u>\$ 1,465,126</u>

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, 2021

	School Operating Fund			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
REVENUES				
Revenue from the use of money and property	\$ 1,000	\$ 1,000	\$ -	\$ (1,000)
Miscellaneous	191,500	191,500	209,910	18,410
Intergovernmental:				
Local government	7,987,741	7,987,741	8,097,716	109,975
Commonwealth	9,686,051	9,686,051	9,383,651	(302,400)
Federal	1,327,848	1,327,848	1,348,272	20,424
Total revenues	<u>\$ 19,194,140</u>	<u>\$ 19,194,140</u>	<u>\$ 19,039,549</u>	<u>\$ (154,591)</u>
EXPENDITURES				
Current:				
Education	\$ 18,777,721	\$ 18,777,721	\$ 18,748,856	\$ 28,865
Debt service:				
Principal retirement	416,419	416,419	416,419	-
Total expenditures	<u>\$ 19,194,140</u>	<u>\$ 19,194,140</u>	<u>\$ 19,165,275</u>	<u>\$ 28,865</u>
Net change in fund balances	\$ -	\$ -	\$ (125,726)	\$ (125,726)
Fund balances - beginning	-	-	125,726	125,726
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2021

	School Special Revenue Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 104	\$ 104
Charges for services	155,355	155,355	13,112	(142,243)
Intergovernmental:				
Local government	38,429	38,429	38,429	-
Commonwealth	87,915	87,915	77,277	(10,638)
Federal	711,750	774,303	1,080,459	306,156
Total revenues	\$ 993,449	\$ 1,056,002	\$ 1,209,381	\$ 153,379
EXPENDITURES				
Current:				
Education	\$ 993,449	\$ 1,056,002	\$ 1,004,679	\$ 51,323
Total expenditures	\$ 993,449	\$ 1,056,002	\$ 1,004,679	\$ 51,323
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 204,702	\$ 204,702
Net change in fund balances	\$ -	\$ -	\$ 204,702	\$ 204,702
Fund balances - beginning	-	-	180,060	180,060
Fund balances - ending	\$ -	\$ -	\$ 384,762	\$ 384,762

SUPPORTING SCHEDULES

THIS PAGE LEFT BLANK INTENTIONALLY

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

Schedule 1
Page 1 of 6

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 5,115,400	\$ 5,115,400	\$ 5,200,625	\$ 85,225
Real and personal public service corporation taxes	792,560	792,560	746,151	(46,409)
Personal property taxes	2,736,600	2,736,600	2,844,384	107,784
Mobile home taxes	14,550	14,550	15,477	927
Machinery and tools taxes	1,118,800	1,118,800	1,153,211	34,411
Merchants capital taxes	72,000	72,000	122,662	50,662
Penalties	92,000	92,000	104,661	12,661
Interest	90,000	90,000	122,193	32,193
Total general property taxes	<u>\$ 10,031,910</u>	<u>\$ 10,031,910</u>	<u>\$ 10,309,364</u>	<u>\$ 277,454</u>
Other local taxes:				
Local sales and use taxes	\$ 849,528	\$ 849,528	\$ 984,890	\$ 135,362
Consumers' utility taxes	92,000	92,000	89,855	(2,145)
Consumption tax	32,000	32,000	37,323	5,323
Business license taxes	29,300	29,300	46,931	17,631
Motor vehicle licenses	224,850	224,850	235,554	10,704
Bank stock taxes	6,000	6,000	-	(6,000)
Transient occupancy taxes	48,000	48,000	44,776	(3,224)
Total other local taxes	<u>\$ 1,281,678</u>	<u>\$ 1,281,678</u>	<u>\$ 1,439,329</u>	<u>\$ 157,651</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 5,000	\$ 5,000	\$ 5,731	\$ 731
Transfer fees	400	400	427	27
Permits and other licenses	66,000	66,000	59,801	(6,199)
Total permits, privilege fees, and regulatory licenses	<u>\$ 71,400</u>	<u>\$ 71,400</u>	<u>\$ 65,959</u>	<u>\$ (5,441)</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 1,125,000	\$ 1,125,000	\$ 824,158	\$ (300,842)
Total fines and forfeitures	<u>\$ 1,125,000</u>	<u>\$ 1,125,000</u>	<u>\$ 824,158</u>	<u>\$ (300,842)</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 85,050	\$ 85,050	\$ 27,229	\$ (57,821)
Revenue from use of property	60,000	60,000	59,110	(890)
Total revenue from use of money and property	<u>\$ 145,050</u>	<u>\$ 145,050</u>	<u>\$ 86,339</u>	<u>\$ (58,711)</u>
Charges for services:				
Sheriff fees	\$ 665	\$ 855	\$ 870	\$ 15
Charges for court costs	2,100	2,100	2,281	181
Charges for Commonwealth's Attorney	1,800	1,800	1,882	82
Courthouse security fees	125,000	125,000	102,414	(22,586)
Charges for courthouse maintenance fees	25,000	25,000	19,548	(5,452)
Charges for correction and detention	4,300	4,300	4,634	334
Charges for other protection	3,800	3,800	13,512	9,712
Charges for sanitation and waste removal:				
Tipping fees	5,536,489	5,536,489	5,429,591	(106,898)
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, 2021

Schedule 1
Page 2 of 6

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Charges for services: (Continued)				
Charges for community development	\$ 9,500	\$ 9,500	\$ 9,233	\$ (267)
Other charges for services	7,400	7,400	5,217	(2,183)
Total charges for services	<u>\$ 6,091,054</u>	<u>\$ 6,091,244</u>	<u>\$ 5,964,182</u>	<u>\$ (127,062)</u>
Miscellaneous:				
Miscellaneous	\$ 51,500	\$ 80,958	\$ 267,015	\$ 186,057
Recovered costs:				
Wakefield sheriff patrol	\$ 56,000	\$ 56,000	\$ 59,867	\$ 3,867
Jurors	3,000	3,000	34,256	31,256
Jail clean up	13,000	13,000	2,345	(10,655)
Clerk of the circuit court	1,000	1,000	2,615	1,615
Indoor plumbing	2,000	2,000	500	(1,500)
CDBG housing loan payments	3,400	3,400	-	(3,400)
VHDA	90,000	90,000	110,006	20,006
Waverly rescue	123,000	123,000	168,406	45,406
Waverly sheriff patrol	-	-	26,694	26,694
Other recovered costs	38,236	38,236	5,262	(32,974)
Total recovered costs	<u>\$ 329,636</u>	<u>\$ 329,636</u>	<u>\$ 409,951</u>	<u>\$ 80,315</u>
Total revenue from local sources	<u>\$ 19,127,228</u>	<u>\$ 19,156,876</u>	<u>\$ 19,366,297</u>	<u>\$ 209,421</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Rolling stock tax	\$ 82,000	\$ 82,000	\$ 78,819	\$ (3,181)
Mobile home titling tax	14,000	14,000	15,115	1,115
Taxes on deeds	62,000	62,000	105,334	43,334
Motor vehicle rental tax	100	100	161	61
Payment in lieu of taxes-prison	39,500	39,500	45,656	6,156
State recordation tax	14,000	14,000	-	(14,000)
Personal property tax relief funds	1,093,152	1,093,152	1,093,152	-
Communication taxes	150,000	150,000	129,046	(20,954)
Total noncategorical aid	<u>\$ 1,454,752</u>	<u>\$ 1,454,752</u>	<u>\$ 1,467,283</u>	<u>\$ 12,531</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 252,800	\$ 252,800	\$ 252,145	\$ (655)
Sheriff	1,373,600	1,373,600	1,397,239	23,639
Commissioner of revenue	79,200	79,200	79,338	138
Treasurer	83,100	83,100	82,861	(239)
Registrar/electoral board	37,706	37,706	39,838	2,132
Clerk of circuit court	199,000	199,000	217,600	18,600
Local jails	100,000	100,000	111,696	11,696
Total shared expenses	<u>\$ 2,125,406</u>	<u>\$ 2,125,406</u>	<u>\$ 2,180,717</u>	<u>\$ 55,311</u>

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

Schedule 1
Page 3 of 6

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Other categorical aid:				
Public assistance and welfare administration	\$ 579,289	\$ 579,289	\$ 528,071	\$ (51,218)
Fire programs fund	30,000	30,000	33,586	3,586
Comprehensive services act	551,942	551,942	296,748	(255,194)
Emergency medical services	9,900	18,100	21,364	3,264
Wireless funds	54,000	54,000	57,450	3,450
Victim-witness grant	48,264	48,264	30,265	(17,999)
Animal friendly plates	160	160	119	(41)
Timber sale	25,000	25,000	19,535	(5,465)
School resource officer	59,900	59,900	32,540	(27,360)
Other state grants	-	-	84,170	84,170
Total other categorical aid	<u>\$ 1,358,455</u>	<u>\$ 1,366,655</u>	<u>\$ 1,103,848</u>	<u>\$ (262,807)</u>
Total categorical aid	<u>\$ 3,483,861</u>	<u>\$ 3,492,061</u>	<u>\$ 3,284,565</u>	<u>\$ (207,496)</u>
Total revenue from the Commonwealth	<u>\$ 4,938,613</u>	<u>\$ 4,946,813</u>	<u>\$ 4,751,848</u>	<u>\$ (194,965)</u>
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 1,230,179	\$ 1,230,179	\$ 1,121,412	\$ (108,767)
Victim-witness grant	59,102	59,102	65,014	5,912
Highway safety grant	16,700	16,700	2,016	(14,684)
Emergency management grant	-	-	7,500	7,500
CARES funding	-	1,598,554	2,462,994	864,440
CARES funding - VHDA	-	2,500	39,183	36,683
DHCD grant	-	-	309,771	309,771
Total categorical aid	<u>\$ 1,305,981</u>	<u>\$ 2,907,035</u>	<u>\$ 4,007,890</u>	<u>\$ 1,100,855</u>
Total revenue from the federal government	<u>\$ 1,305,981</u>	<u>\$ 2,907,035</u>	<u>\$ 4,007,890</u>	<u>\$ 1,100,855</u>
Total General Fund	<u><u>\$ 25,371,822</u></u>	<u><u>\$ 27,010,724</u></u>	<u><u>\$ 28,126,035</u></u>	<u><u>\$ 1,115,311</u></u>
Special Revenue Fund:				
County Special Revenue Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 16	\$ 80	\$ 202	\$ 122
Total revenue from use of money and property	<u>\$ 16</u>	<u>\$ 80</u>	<u>\$ 202</u>	<u>\$ 122</u>

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

Schedule 1
Page 4 of 6

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Special Revenue Fund: (Continued)				
County Special Revenue Fund: (Continued)				
Revenue from local sources: (Continued)				
Charges for services:				
Law library fees	\$ 750	\$ 750	\$ 1,205	\$ 455
Total charges for services	\$ 750	\$ 750	\$ 1,205	\$ 455
 Total revenue from local sources	\$ 766	\$ 830	\$ 1,407	\$ 577
 Total County Special Revenue Fund	\$ 766	\$ 830	\$ 1,407	\$ 577
 Capital Projects Fund:				
County Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 77,279	\$ 77,279
 Miscellaneous:				
Sale of timber	\$ -	\$ -	\$ 300,630	\$ 300,630
 Total revenue from local sources	\$ -	\$ -	\$ 377,909	\$ 377,909
 Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Tobacco commission grants	\$ -	\$ 406,866	\$ -	\$ (406,866)
 Total revenue from the Commonwealth	\$ -	\$ 406,866	\$ -	\$ (406,866)
 Total County Capital Projects Fund	\$ -	\$ 406,866	\$ 377,909	\$ (28,957)
 Total Primary Government	\$ 25,372,588	\$ 27,418,420	\$ 28,505,351	\$ 1,086,931
 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	\$ -	\$ (1,000)
Total revenue from use of money and property	\$ 1,000	\$ 1,000	\$ -	\$ (1,000)
 Miscellaneous:				
Miscellaneous	\$ 191,500	\$ 191,500	\$ 209,910	\$ 18,410
Total miscellaneous	\$ 191,500	\$ 191,500	\$ 209,910	\$ 18,410
 Total revenue from local sources	\$ 192,500	\$ 192,500	\$ 209,910	\$ 17,410

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

Schedule 1
Page 5 of 6

<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	\$ 7,987,741	\$ 7,987,741	\$ 8,097,716	\$ 109,975
Total revenues from local governments	<u>\$ 7,987,741</u>	<u>\$ 7,987,741</u>	<u>\$ 8,097,716</u>	<u>\$ 109,975</u>
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 1,457,953	\$ 1,457,953	\$ 1,564,330	\$ 106,377
Basic school aid	4,093,292	4,093,292	3,933,914	(159,378)
Remedial summer education	48,592	48,592	107,825	59,233
Gifted and talented	35,320	35,320	34,200	(1,120)
Remedial education	227,249	227,249	220,043	(7,206)
Special education	499,148	499,148	483,321	(15,827)
Vocational education	176,601	176,601	171,001	(5,600)
School fringes	793,705	793,705	764,666	(29,039)
Mentor teacher program	1,475	1,475	1,126	(349)
Early reading intervention	32,390	32,390	32,390	-
English as a second language	12,142	12,142	9,340	(2,802)
Special education - foster children	24,754	24,754	-	(24,754)
At risk payments	854,597	854,597	713,596	(141,001)
Standards of Learning algebra readiness	27,937	27,937	28,044	107
Primary class size	407,030	407,030	398,489	(8,541)
Educational technology	128,000	128,000	70,718	(57,282)
Homebound	1,512	1,512	4,124	2,612
Supplemental per pupil allocation	179,981	179,981	269,096	89,115
VPI	276,735	276,735	-	(276,735)
Other state funds	407,638	407,638	577,428	169,790
Total revenue from the commonwealth	<u>\$ 9,686,051</u>	<u>\$ 9,686,051</u>	<u>\$ 9,383,651</u>	<u>\$ (302,400)</u>
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 507,306	\$ 507,306	\$ 165,349	\$ (341,957)
Title VI-B, special education flow-through	303,037	303,037	317,203	14,166
Vocational education	35,047	35,047	5,035	(30,012)
Title VI-B, special education pre-school	9,637	9,637	7,346	(2,291)
Rural education	20,503	20,503	-	(20,503)
Title II Part A	65,535	65,535	22,744	(42,791)
Gear up	23,728	23,728	-	(23,728)
JROTC	74,000	74,000	82,940	8,940
CARES	-	-	713,596	713,596
Other federal funds	289,055	289,055	34,059	(254,996)
Total revenue from the federal government	<u>\$ 1,327,848</u>	<u>\$ 1,327,848</u>	<u>\$ 1,348,272</u>	<u>\$ 20,424</u>
Total School Operating Fund	<u><u>\$ 19,194,140</u></u>	<u><u>\$ 19,194,140</u></u>	<u><u>\$ 19,039,549</u></u>	<u><u>\$ (154,591)</u></u>

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

Schedule 1
Page 6 of 6

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
Special Revenue Funds:				
School Special Revenue Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 104	\$ 104
Total revenue from use of money and property	\$ -	\$ -	\$ 104	\$ 104
Charges for services:				
Cafeteria sales	\$ 155,355	\$ 155,355	\$ 13,112	\$ (142,243)
Total charges for services	\$ 155,355	\$ 155,355	\$ 13,112	\$ (142,243)
Total revenue from local sources	\$ 155,355	\$ 155,355	\$ 13,216	\$ (142,139)
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Sussex	\$ 38,429	\$ 38,429	\$ 38,429	\$ -
Total revenues from local governments	\$ 38,429	\$ 38,429	\$ 38,429	\$ -
Revenue from the Commonwealth:				
Categorical aid:				
School food program	\$ 16,295	\$ 16,295	\$ 7,928	\$ (8,367)
Textbook payment	71,620	71,620	69,349	(2,271)
Total categorical aid	\$ 87,915	\$ 87,915	\$ 77,277	\$ (10,638)
Total revenue from the Commonwealth	\$ 87,915	\$ 87,915	\$ 77,277	\$ (10,638)
Revenue from the federal government:				
Categorical aid:				
School food program	\$ 686,500	\$ 686,500	\$ 974,651	\$ 288,151
Commodities	-	62,553	62,553	-
Summer feeding	25,250	25,250	43,255	18,005
Total categorical aid	\$ 711,750	\$ 774,303	\$ 1,080,459	\$ 306,156
Total revenue from the federal government	\$ 711,750	\$ 774,303	\$ 1,080,459	\$ 306,156
Total School Special Revenue Fund	\$ 993,449	\$ 1,056,002	\$ 1,209,381	\$ 153,379
School Activity Fund:				
Revenue from local sources:				
Miscellaneous:				
Miscellaneous	\$ -	\$ -	\$ 9,332	\$ 9,332
Total School Activity Fund	\$ -	\$ -	\$ 9,332	\$ 9,332
Total Discretely Presented Component Unit - School Board	\$ 20,187,589	\$ 20,250,142	\$ 20,258,262	\$ 8,120

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

Schedule 2
Page 1 of 5

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 168,117	\$ 210,117	\$ 192,774	\$ 17,343
General and financial administration:				
County administrator	\$ 892,101	\$ 3,305,357	\$ 2,610,985	\$ 694,372
Legal services	150,000	150,000	128,291	21,709
Commissioner of revenue	413,143	415,431	275,275	140,156
Treasurer	417,881	420,448	409,919	10,529
Central accounting	38,765	38,765	40,932	(2,167)
Other general and financial administration	6,000	6,000	31,230	(25,230)
Total general and financial administration	\$ 1,917,890	\$ 4,336,001	\$ 3,496,632	\$ 839,369
Board of elections:				
Electoral board and officials	\$ 234,341	\$ 243,798	\$ 212,392	\$ 31,406
Total general government administration	\$ 2,320,348	\$ 4,789,916	\$ 3,901,798	\$ 888,118
Judicial administration:				
Courts:				
Circuit court	\$ 36,285	\$ 36,285	\$ 34,789	\$ 1,496
General district court	41,358	41,377	26,037	15,340
Special magistrates	8,400	8,400	9,375	(975)
Juvenile and domestic relations court	12,262	12,262	12,262	-
Sheriff	230,210	231,699	190,446	41,253
Victim witness	82,302	100,187	43,185	57,002
Clerk of the circuit court	403,114	406,111	376,785	29,326
Total courts	\$ 813,931	\$ 836,321	\$ 692,879	\$ 143,442
Commonwealth's attorney:				
Commonwealth's attorney	\$ 541,103	\$ 564,176	\$ 598,956	\$ (34,780)
Total commonwealth's attorney	\$ 541,103	\$ 564,176	\$ 598,956	\$ (34,780)
Total judicial administration	\$ 1,355,034	\$ 1,400,497	\$ 1,291,835	\$ 108,662
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 2,039,897	\$ 2,238,226	\$ 1,882,820	\$ 355,406
School resource officer grant	121,542	178,604	178,483	121
911 services	206,165	208,587	132,850	75,737
Wakefield operations	60,133	60,759	55,715	5,044
Total law enforcement and traffic control	\$ 2,427,737	\$ 2,686,176	\$ 2,249,868	\$ 436,308
Fire and rescue services:				
Fire department	\$ 162,400	\$ 244,094	\$ 232,969	\$ 11,125
Ambulance and rescue services	1,151,300	1,175,968	787,562	388,406
Forest fire extinction services	24,000	24,000	23,067	933
Emergency services	245,124	283,952	217,823	66,129
Total fire and rescue services	\$ 1,582,824	\$ 1,728,014	\$ 1,261,421	\$ 466,593

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

Schedule 2
Page 2 of 5

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Public safety: (Continued)				
Correction and detention:				
Confinement and care of prisoners	\$ 1,796,156	\$ 1,810,875	\$ 1,630,600	\$ 180,275
Crater youth care commission	120,897	120,897	121,079	(182)
Total correction and detention	<u>\$ 1,917,053</u>	<u>\$ 1,931,772</u>	<u>\$ 1,751,679</u>	<u>\$ 180,093</u>
Inspections:				
Building	\$ 238,933	\$ 255,368	\$ 231,250	\$ 24,118
Total inspections	<u>\$ 238,933</u>	<u>\$ 255,368</u>	<u>\$ 231,250</u>	<u>\$ 24,118</u>
Other protection:				
Animal control	\$ 289,980	\$ 416,571	\$ 384,570	\$ 32,001
Total other protection	<u>\$ 289,980</u>	<u>\$ 416,571</u>	<u>\$ 384,570</u>	<u>\$ 32,001</u>
Total public safety	<u>\$ 6,456,527</u>	<u>\$ 7,017,901</u>	<u>\$ 5,878,788</u>	<u>\$ 1,139,113</u>
Public works:				
Sanitation and waste removal:				
Refuse disposal	\$ 122,500	\$ 122,500	\$ 2,344	\$ 120,156
Total sanitation and waste removal	<u>\$ 122,500</u>	<u>\$ 122,500</u>	<u>\$ 2,344</u>	<u>\$ 120,156</u>
Maintenance of general buildings and grounds:				
General properties	\$ 586,063	\$ 602,142	\$ 520,235	\$ 81,907
General works	92,400	92,400	104,304	(11,904)
Total maintenance of general buildings and grounds	<u>\$ 678,463</u>	<u>\$ 694,542</u>	<u>\$ 624,539</u>	<u>\$ 70,003</u>
Total public works	<u>\$ 800,963</u>	<u>\$ 817,042</u>	<u>\$ 626,883</u>	<u>\$ 190,159</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 148,317	\$ 148,317	\$ 74,159	\$ 74,158
Total health	<u>\$ 148,317</u>	<u>\$ 148,317</u>	<u>\$ 74,159</u>	<u>\$ 74,158</u>
Mental health and mental retardation:				
Community services board	\$ 76,235	\$ 76,235	\$ 75,182	\$ 1,053
Total mental health and mental retardation	<u>\$ 76,235</u>	<u>\$ 76,235</u>	<u>\$ 75,182</u>	<u>\$ 1,053</u>
Welfare:				
Public assistance and welfare administration	\$ 2,140,958	\$ 2,154,705	\$ 1,907,768	\$ 246,937
Other social services	66,982	66,982	66,000	982
Comprehensive services act	725,000	725,000	527,614	197,386
Total welfare	<u>\$ 2,932,940</u>	<u>\$ 2,946,687</u>	<u>\$ 2,501,382</u>	<u>\$ 445,305</u>
Total health and welfare	<u>\$ 3,157,492</u>	<u>\$ 3,171,239</u>	<u>\$ 2,650,723</u>	<u>\$ 520,516</u>

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

Schedule 2
Page 3 of 5

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Education:				
Other instructional costs:				
Contributions to Community Colleges	\$ 4,482	\$ 4,482	\$ 4,482	\$ -
Contribution to County School Board	7,999,170	7,999,170	8,136,145	(136,975)
Total education	<u>\$ 8,003,652</u>	<u>\$ 8,003,652</u>	<u>\$ 8,140,627</u>	<u>\$ (136,975)</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Recreation center	\$ 36,000	\$ 36,000	\$ 30,000	\$ 6,000
Total parks and recreation	<u>\$ 36,000</u>	<u>\$ 36,000</u>	<u>\$ 30,000</u>	<u>\$ 6,000</u>
Cultural enrichment:				
Wakefield foundation	\$ 11,500	\$ 11,500	\$ 11,500	\$ -
Carpenter museum	1,500	1,500	1,500	-
Total cultural enrichment	<u>\$ 13,000</u>	<u>\$ 13,000</u>	<u>\$ 13,000</u>	<u>\$ -</u>
Library:				
Contribution to regional library	\$ 191,065	\$ 191,065	\$ 191,065	\$ -
Total library	<u>\$ 191,065</u>	<u>\$ 191,065</u>	<u>\$ 191,065</u>	<u>\$ -</u>
Total parks, recreation, and cultural	<u>\$ 240,065</u>	<u>\$ 240,065</u>	<u>\$ 234,065</u>	<u>\$ 6,000</u>
Community development:				
Planning and community development:				
Planning and zoning	\$ 218,240	\$ 604,421	\$ 367,958	\$ 236,463
Industrial development authority	-	961,517	949,017	12,500
Planning district commission	9,790	9,790	9,790	-
Indoor plumbing	2,025	2,025	610	1,415
Housing assistance and other	155,670	1,204,606	294,703	909,903
Total planning and community development	<u>\$ 385,725</u>	<u>\$ 2,782,359</u>	<u>\$ 1,622,078</u>	<u>\$ 1,160,281</u>
Environmental management:				
Contribution to soil and water conservation district	\$ 7,415	\$ 7,415	\$ 7,415	\$ -
Environmental inspection	225,827	305,745	156,814	148,931
Convenience centers	491,550	491,550	481,278	10,272
Other environmental management	1,276	1,276	2,603	(1,327)
Total environmental management	<u>\$ 726,068</u>	<u>\$ 805,986</u>	<u>\$ 648,110</u>	<u>\$ 157,876</u>
Cooperative extension program:				
Extension office	\$ 65,613	\$ 65,613	\$ 24,267	\$ 41,346
Total cooperative extension program	<u>\$ 65,613</u>	<u>\$ 65,613</u>	<u>\$ 24,267</u>	<u>\$ 41,346</u>
Total community development	<u>\$ 1,177,406</u>	<u>\$ 3,653,958</u>	<u>\$ 2,294,455</u>	<u>\$ 1,359,503</u>
Debt service:				
Principal retirement	\$ 941,397	\$ 941,397	\$ 941,397	\$ -
Interest and other fiscal charges	386,806	482,833	278,370	204,463
Total debt service	<u>\$ 1,328,203</u>	<u>\$ 1,424,230</u>	<u>\$ 1,219,767</u>	<u>\$ 204,463</u>
Total General Fund	<u>\$ 24,839,690</u>	<u>\$ 30,518,500</u>	<u>\$ 26,238,941</u>	<u>\$ 4,279,559</u>

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

Schedule 2
Page 4 of 5

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Special Revenue Fund:				
County Special Revenue Fund:				
Judicial administration:				
Courts:				
Law library	\$ 766	\$ 766	\$ -	\$ 766
Total judicial administration	\$ 766	\$ 766	\$ -	\$ 766
Public Safety:				
Other Protection:				
Forfeited assets	\$ -	\$ 14,060	\$ 2,993	\$ 11,067
Total County Special Revenue Fund	\$ 766	\$ 14,826	\$ 2,993	\$ 11,833
County Capital Projects Fund:				
Education:				
Other instructional costs:				
Contribution to County School Board	\$ 27,000	\$ 27,000	\$ -	\$ 27,000
Capital projects:				
CAD system replacement	\$ -	\$ 81,823	\$ 75,535	\$ 6,288
Voting machine replacement	8,625	8,625	-	8,625
Site development	-	236,269	-	236,269
Carpet replacement	-	12,538	-	12,538
Judicial complex HVAC	-	56,765	-	56,765
Animal shelter repairs	14,610	15,890	23,880	(7,990)
Brush truck	25,000	25,000	25,000	-
EOC generator	40,000	40,000	-	40,000
Fire truck	150,000	150,000	-	150,000
Jail upgrades	-	147,000	-	147,000
NG911 upgrade	-	250,000	193,678	56,322
Water tower repairs	-	7,800	-	7,800
Waverly radio tower	20,000	20,000	-	20,000
Vehicle replacement	63,503	122,134	-	122,134
Total capital projects	\$ 321,738	\$ 1,173,844	\$ 318,093	\$ 855,751
Debt service:				
Principal retirement	\$ 61,101	\$ 61,101	\$ 1,138,101	\$ (1,077,000)
Interest and other fiscal charges	7,293	7,293	7,293	-
Total debt service	\$ 68,394	\$ 68,394	\$ 1,145,394	\$ (1,077,000)
Total County Capital Projects Fund	\$ 417,132	\$ 1,269,238	\$ 1,463,487	\$ (194,249)
Total Primary Government	\$ 25,257,588	\$ 31,802,564	\$ 27,705,421	\$ 4,097,143
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Education:				
Administration, health, and attendance	\$ 1,547,189	\$ 1,547,189	\$ 1,628,479	\$ (81,290)
Instruction costs	13,685,808	13,685,808	13,118,360	567,448
Pupil transportation	1,584,320	1,584,320	1,729,255	(144,935)
Operation and maintenance of school plant	1,960,404	1,960,404	2,272,762	(312,358)
Total education	\$ 18,777,721	\$ 18,777,721	\$ 18,748,856	\$ 28,865
Debt service:				
Principal retirement	\$ 416,419	\$ 416,419	\$ 416,419	\$ -
Total debt service	\$ 416,419	\$ 416,419	\$ 416,419	\$ -
Total School Operating Fund	\$ 19,194,140	\$ 19,194,140	\$ 19,165,275	\$ 28,865

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

Schedule 2
Page 5 of 5

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
Special Revenue Funds:				
School Special Revenue Fund:				
Education:				
Textbooks	\$ 110,049	\$ 110,049	\$ 43,944	\$ 66,105
Commodities	-	62,553	62,553	-
School food services	883,400	883,400	898,182	(14,782)
Total School Special Revenue Fund	\$ 993,449	\$ 1,056,002	\$ 1,004,679	\$ 51,323
School Activity Fund				
Education:				
Instruction costs	\$ -	\$ -	\$ 6,022	\$ (6,022)
Total School Activity Fund	\$ -	\$ -	\$ 6,022	\$ (6,022)
Total Discretely Presented Component Unit - School Board	\$ 20,187,589	\$ 20,250,142	\$ 20,175,976	\$ 74,166

THIS PAGE LEFT BLANK INTENTIONALLY

STATISTICAL INFORMATION

THIS PAGE LEFT BLANK INTENTIONALLY

Table 1

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

Fiscal Year	General Government Administration		Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Parks, Recreation, and Cultural	Community Development	Interest on Long-Term Debt	Total									
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
2021		4,030,061		1,368,139		6,208,708		660,633		2,669,630		10,193,573		263,643		2,171,593		229,406		27,795,386

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
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	
2021	6,855,504	7,292,455	-		10,277,595	1,439,329	163,820	567,645	1,467,283	28,063,631	

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
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
2021	3,901,798	1,291,835	5,881,781	626,883	2,650,723	19,764,039	234,065	2,294,455	1,636,186	38,281,765

(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
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
2021	10,309,364	1,439,329	65,959	824,158	86,645	5,978,499	486,257	409,951	20,649,397	40,249,559

(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
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%
2021	11,073,926	10,754,783	97.12%	284,228	11,039,011	99.68%	495,226	4.47%

(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
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
2021	897,812,000	92,212,550	26,229,432	13,367,662	120,280,285	925,457	1,150,827,386

(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
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
2020	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
2021	12,087	1,150,827,386	9,571,695	2,638,624	-	6,933,071	0.60%	574

(1) Weldon Cooper Center for Public Service for 2010 Census count.

(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

THIS PAGE LEFT BLANK INTENTIONALLY

**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, 2021, 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 December 7, 2021.

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 no instances of noncompliance or other matters that are required to be reported under *Governmental Auditing Standards*.

Purpose of this Report

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

Robinson, Farmer, Cox Associates

Richmond, Virginia
December 7, 2021

**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, 2021. 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, 2021.

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.

Robinson, Farmer, Cox Associates

Richmond, Virginia
December 7, 2021

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

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Pass-Through to Subrecipients	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	0950120/0950121		\$ 4,884
Temporary Assistance for Needy Families	93.558	0400120/0400121		217,260
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	0500120/0500121		448
Low Income Home Energy Assistance	93.568	0600420/0600421		30,792
Child Care Mandatory and Matching Funds of the Child Care Development Fund (CCDF Cluster)	93.596	0760120/0760121		39,041
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900120/0900121		88
Foster Care - Title IV-E	93.658	1100120/1100121		134,145
Adoption Assistance	93.659	1120120/1120121		25,330
Social Services Block Grant	93.667	1000120/1000121		155,073
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	91501120/9150121		1,878
Children's Health Insurance Program	93.767	0540120/0540121		2,604
Medical Assistance Program (Medicaid Cluster)	93.778	1200120/1200121		232,222
Total Department of Health and Human Services				<u>\$ 843,765</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	\$ 1,728	
Summer Food Service Program for Children	10.559	17901	820,851	
COVID-19 - Summer Food Service Program for Children	10.559	17901	159,734	
Total ALN 10.559			<u>\$ 982,313</u>	
Department of Agriculture:				
Food Distribution	10.555	17901-45707	<u>\$ 60,825</u>	
Total Child Nutrition Cluster				<u>\$ 1,043,138</u>
Department of Education:				
Fresh Fruit and Vegetable Program	10.582	17901-40599		37,322
Department of Social Services:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP Cluster)	10.561	0010120/0010121		<u>308,678</u>
Total Department of Agriculture				<u>\$ 1,389,138</u>

County of Sussex, Virginia
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2021

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Pass-Through to Subrecipients	Federal Expenditures
Department of Justice: Pass Through Payments: Department of Criminal Justice Services: Crime Victim Assistance	16.575	390001-10220		\$ 65,014
Department of Transportation: Pass-Through Payments: Department of Motor Vehicles: Alcohol Open Container Requirements	20.607	60507-53000		\$ 2,016
Department of Housing and Urban Development: Direct payments: COVID-19 - Section 8 Housing Choice Vouchers (Housing Voucher Cluster)	14.871	N/A		\$ 39,183
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		309,770
Total Department of Housing and Urban Development				\$ 348,953
Department of Education: Pass-Through Payments: Virginia Department of Education: Title I Grants to Local Educational Agencies	84.010	17901-42901		\$ 165,349
Special Education Cluster: Special Education - Grants to States	84.027	17901-43071	\$ 317,203	
Special Education - Preschool Grants	84.173	17901-62521	7,346	
Total Special Education Cluster				324,549
Career and Technical Education - Basic Grants to States	84.048	17901-61095		5,035
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	17901-61480		22,744
COVID-19 - Governor's Emergency Education Relief (GEER) Fund	84.425C	17901-70037	\$ 149,358	
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	17901-60177	383,883	533,241
Student Support and Academic Enrichment Program	84.424	17901-60281		3,028
Total Department of Education				\$ 1,053,946
Department of Treasury: Pass Through Payments: Department of Accounts: COVID-19 - Coronavirus Relief Fund (CRF)	21.019	10110-728021	\$ 155,823	\$ 2,462,994
Virginia Department of Education: COVID-19 - Coronavirus Relief Fund (CRF)	21.019	unavailable		180,355
Total Department of Treasury				\$ 2,643,349
Department of Defense: Direct Payments: ROTC	12.xxx	N/A		\$ 82,940
Total Expenditures of Federal Awards			\$ 155,823	\$ 6,436,621

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, 2021

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the County of Sussex, Virginia under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform 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	\$ 4,007,890
Total primary government	\$ <u>4,007,890</u>

Component Unit School Board:

School Operating Fund	\$ 1,348,272
School Special Revenue Fund	1,080,459
Total Component Unit School Board	\$ <u>2,428,731</u>
Total federal expenditures per basic financial statements	\$ <u><u>6,436,621</u></u>

Total federal expenditures per the Schedule of Expenditures
of Federal Awards

\$ 6,436,621

Note 5 - De Minimis Cost Rate

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

Note 6 - Loan Balances

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

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

Section I-Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ yes ✓ no

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

Noncompliance material to financial statements noted? _____ yes ✓ no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ yes ✓ no

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

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

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

Identification of major programs:

Assistance Listing Number(s)

21.019

84.425C/84.425D

Name of Federal Program or Cluster

Coronavirus Relief Fund

Education Stabilization Fund (ESF)

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

County of Sussex, Virginia

Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2021

Findings - Commonwealth of Virginia:

2020-001:

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.

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:

Finding was corrected for FY 2021.

THIS PAGE LEFT BLANK INTENTIONALLY