

COUNTY OF SUSSEX, VIRGINIA

ANNUAL FINANCIAL REPORT

**FOR THE YEAR
ENDED JUNE 30, 2022**

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

Leah Brantley, Chairperson
Viola Brown, Vice Chairperson
Earl Rogers

Nathelia Wyche
Winnie Umphlett
Barbara Gray

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	Vincent L. Robinson, Sr.
Sheriff	Earnest L. Giles, Sr.
Clerk of the Circuit Court	Gary M. Williams
Judge of the Circuit Court	William Edward Tomko, III
Judge of the General District Court	Churchill Ridley Bain
Judge of the Juvenile and Domestic Relations Court	Christopher R. Ackerman

COUNTY OF SUSSEX, VIRGINIA
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2022

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1-4
Management's Discussion and Analysis	5-11
<u>Basic Financial Statements:</u>	
Government-wide Financial Statements:	
Exhibit 1 Statement of Net Position	12
Exhibit 2 Statement of Activities	13
Fund Financial Statements:	
Exhibit 3 Balance Sheet–Governmental Funds	14
Exhibit 4 Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	15
Exhibit 5 Statement of Revenues, Expenditures and Changes in Fund Balances–Governmental Funds	16
Exhibit 6 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	17
Exhibit 7 Statement of Fiduciary Net Position – Fiduciary Funds	18
Exhibit 8 Statement of Changes in Fiduciary Net Position - Fiduciary Funds	19
Notes to Financial Statements	20-88

COUNTY OF SUSSEX, VIRGINIA
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2022

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	89
Exhibit 10 Schedule of Changes in Net Pension Liability (Asset) and Related Ratios–Primary Government	90-91
Exhibit 11 Schedule of Changes in Net Pension Liability (Asset) and Related Ratios–Component Unit School Board (nonprofessional)	92-93
Exhibit 12 Schedule of Employer’s Share of Net Pension Liability VRS Teacher Retirement Plan	94-95
Exhibit 13 Schedule of Employer Contributions–Pension Plans	96
Exhibit 14 Notes to Required Supplementary Information–Pension Plans	97
Exhibit 15 Schedule of County’s Share of Net OPEB Liability–Group Life Insurance (GLI) Plan	98
Exhibit 16 Schedule of Employer Contributions–Group Life Insurance (GLI) Plan	99
Exhibit 17 Notes to Required Supplementary Information–Group Life Insurance (GLI) Plan	100
Exhibit 18 Schedule of School Board’s Share of Net OPEB Liability–Health Insurance Credit (HIC) Plan	101
Exhibit 19 Schedule of Employer Contributions–Health Insurance Credit (HIC) Plan	102
Exhibit 20 Notes to Required Supplementary Information–Health Insurance Credit (HIC) Plan	103
Exhibit 21 Schedule of School Board’s Share of Net OPEB Liability–Teacher Employee Health Insurance Credit (HIC) Plan	104
Exhibit 22 Schedule of Employer Contributions–Teacher Employee Health Insurance Credit (HIC) Plan	105
Exhibit 23 Notes to Required Supplementary Information– Teacher Employee Health Insurance Credit (HIC) Plan	106
Exhibit 24 Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios–Primary Government	107
Exhibit 25 Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios–Component Unit School Board	108
Exhibit 26 Notes to Required Supplementary Information–Primary Government OPEB	109
Exhibit 27 Notes to Required Supplementary Information– Component Unit School Board OPEB	110

COUNTY OF SUSSEX, VIRGINIA
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2022
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	111
Exhibit 29 Schedule of Revenues, Expenditures, and Changes in Fund Balances–Budget and Actual–Nonmajor Special Revenue Fund	112
Exhibit 30 Combining Statement of Fiduciary Net Position - Fiduciary Funds	113
Exhibit 31 Combining Statement of Changes to Fiduciary Net Position - Fiduciary Funds	114
Discretely Presented Component Unit School Board:	
Exhibit 32 Combining Balance Sheet	115
Exhibit 33 Combining Statement of Revenues, Expenditures and Changes in Fund Balances	116
Exhibit 34 Schedule of Revenues, Expenditures and Changes in Fund Balances–Budget and Actual–School Operating Fund	117
Exhibit 35 Schedule of Revenues, Expenditures, and Changes in Fund Balances–Budget and Actual–Nonmajor Special Revenue Fund	118
Supporting Schedules:	
Schedule 1 Schedule of Revenues–Budget and Actual–Governmental Funds	119-124
Schedule 2 Schedule of Expenditures–Budget and Actual–Governmental Funds	125-129
<u>Statistical Information:</u>	
Table 1 Government-Wide Expenses by Function–Last Ten Fiscal Years	130
Table 2 Government-Wide Revenues–Last Ten Fiscal Years	131
Table 3 General Governmental Expenditures by Function–Last Ten Fiscal Years	132
Table 4 General Governmental Revenues by Source–Last Ten Fiscal Years	133

COUNTY OF SUSSEX, VIRGINIA
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2022

TABLE OF CONTENTS (CONTINUED)

	<u>Page</u>
<u>Statistical Information: (Continued)</u>	
Table 5 Property Tax Levies and Collections–Last Ten Fiscal Years	134
Table 6 Assessed Value of Taxable Property–Last Ten Fiscal Years	135
Table 7 Property Tax Rates–Last Ten Fiscal Years	136
Table 8 Ratio of Net General Obligation Bonded Debt to Assessed Value and Net Bonded Debt Per Capita–Last Ten Fiscal Years	137
<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>	138-139
Independent Auditors’ Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	140-142
Schedule of Expenditures of Federal Awards	143-144
Notes to Schedule of Expenditures of Federal Awards	145
Schedule of Findings and Questioned Costs	146
Summary Schedule of Prior Audit Findings	147



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

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 the County of Sussex, Virginia, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Sussex, Virginia, as of and for the year ended June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of County of Sussex, Virginia, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principles

As described in Note 24 to the financial statements, in 2022, the County adopted new accounting guidance, GASB Statement Nos. 87, *Leases*, 92, *Omnibus*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about County of Sussex, Virginia's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Specifications for Audits of Counties, Cities, and Towns* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Specifications for Audits of Counties, Cities, and Towns*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 County of Sussex, Virginia's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about County of Sussex, Virginia's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 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 accompanying combining and individual fund financial statements and schedules and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules 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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the statistical information but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 12, 2023, 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, Farnum, Cox Associates

Richmond, Virginia
January 12, 2023

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, 2022. 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 \$46,465,763(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 \$732,116 (Exhibit 5) after making contributions totaling \$8,139,283 to the School Board.

- < As of the close of the current fiscal year; the County's funds reported ending fund balances of \$17,901,872, an increase of \$732,116 in comparison with the prior year.
- < At the end of the current fiscal year, unassigned fund balance for the general fund was \$10,507,578, or 36% of total general fund expenditures and other uses.
- < The combined long-term obligations increased \$856,681 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 \$46,465,763 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		
	2022	2021	
Current and other assets	\$ 47,737,787	\$ 17,296,669	
Restricted assets	8,384,868	1,927,725	
Capital assets	<u>38,009,674</u>	<u>39,564,872</u>	
Total assets	<u>\$ 94,132,329</u>	<u>\$ 58,789,266</u>	
Deferred outflows of resources	<u>\$ 1,172,903</u>	<u>\$ 2,070,158</u>	
Current liabilities	\$ 2,056,300	\$ 1,537,291	
Long-term liabilities outstanding	<u>12,779,906</u>	<u>13,636,587</u>	
Total liabilities	<u>\$ 14,836,206</u>	<u>\$ 15,173,878</u>	
Deferred inflows of resources	<u>\$ 34,003,263</u>	<u>\$ 219,144</u>	
Net investment in capital assets	\$ 27,017,097	\$ 29,928,532	
Restricted	8,384,868	1,927,725	
Unrestricted	<u>11,063,798</u>	<u>13,610,145</u>	
Total net position	<u><u>\$ 46,465,763</u></u>	<u><u>\$ 45,466,402</u></u>	

Government-wide Financial Analysis (Continued)

The County's net position increased by \$999,361 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		
	2022	2021	
Charges for services	\$ 7,041,270	\$ 6,855,504	
Operating grants and contributions	6,180,722	7,292,455	
General property taxes	9,918,843	10,277,595	
Other local taxes	1,589,554	1,439,329	
Grants and other contributions not restricted	1,495,157	1,467,283	
Other general revenues	354,275	731,465	
Total revenues	\$ 26,579,821	\$ 28,063,631	
General government administration	\$ 2,231,888	\$ 4,030,061	
Judicial administration	1,246,502	1,368,139	
Public safety	9,303,279	6,208,708	
Public works	(1,165,094)	660,633	
Health and welfare	2,742,384	2,669,630	
Education	9,436,064	10,193,573	
Parks, recreation, and cultural	269,209	263,643	
Community development	1,197,484	2,171,593	
Interest and other fiscal charges	318,744	229,406	
Total expenses	\$ 25,580,460	\$ 27,795,386	
Change in net position	\$ 999,361	\$ 268,245	
Net position, beginning of year	45,466,402	45,198,157	
Net position, end of year	\$ 46,465,763	\$ 45,466,402	

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 \$17,901,872, an increase of \$732,116 in comparison with the prior year. Approximately 21% 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 \$7,312,614. \$1,971,191 of this was restricted for debt, while \$5,341,428 was committed to current or future capital projects.

General Fund Budgetary Highlights

During the year, revenues and other financing sources exceeded budgetary estimates by \$1,984,691. Budgetary estimates exceeded expenditures and other financing uses by \$2,712,096. The combination of the two resulted in a positive variance of \$4,696,787.

Capital Asset and Debt Administration

< **Capital assets** - The County's investment in capital assets for its governmental operations as of June 30, 2022 amounts to \$38,009,674 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, machinery and equipment and leased 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 \$7,929,428, all of which is debt backed by the full faith and credit of the County.

The County's total debt decreased by \$1,262,232 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 2023 fiscal year.

The fiscal year 2023 General Fund budget increased by approximately 10.5 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.

County of Sussex, Virginia
Statement of Net Position
June 30, 2022

	Primary Government	Component Unit
	<u>Governmental Activities</u>	<u>School Board</u>
ASSETS		
Cash and cash equivalents	\$ 15,270,801	\$ 971,883
Receivables (net of allowance for uncollectibles):		
Taxes receivable	626,420	-
Accounts receivable	739,804	-
Lease receivable	29,520,237	-
Interest receivable	112,989	-
Due from other governmental units	1,467,536	2,256,288
Restricted assets:		
Bond sinking funds	1,971,191	-
Net pension asset	6,413,677	846,936
Capital assets (net of accumulated depreciation):		
Land	10,530,331	110,993
Buildings and improvements	11,912,032	19,394,291
Machinery and equipment	5,033,486	1,196,067
Equipment lease	166,799	87,959
Construction in progress	10,367,026	-
Total assets	<u>\$ 94,132,329</u>	<u>\$ 24,864,417</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension related items	\$ 984,328	\$ 2,716,104
OPEB related items	188,575	390,372
Total deferred outflows of resources	<u>\$ 1,172,903</u>	<u>\$ 3,106,476</u>
LIABILITIES		
Accounts payable	\$ 801,442	\$ 443,178
Accrued liabilities	-	1,378,648
Accrued interest payable	139,532	-
Due to other governmental units	-	696,299
Unearned revenue	1,115,326	191,932
Long-term liabilities:		
Due within one year	3,391,218	64,490
Due in more than one year	9,388,688	9,826,789
Total liabilities	<u>\$ 14,836,206</u>	<u>\$ 12,601,336</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred revenue - property taxes	\$ 47,286	\$ -
Lease related items	29,295,739	-
Pension related items	4,520,381	6,222,301
OPEB related items	139,857	560,860
Total deferred inflows of resources	<u>\$ 34,003,263</u>	<u>\$ 6,783,161</u>
NET POSITION		
Net investment in capital assets	\$ 27,017,097	\$ 20,703,974
Restricted:		
Net pension asset	6,413,677	846,936
Debt service and bond covenants	1,971,191	-
Unrestricted (deficit)	11,063,798	(12,964,514)
Total net position	<u>\$ 46,465,763</u>	<u>\$ 8,586,396</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, 2022

Functions/ <u>Programs</u>	Program Revenues				Net (Expense) Revenue and Changes in Net Position	
	<u>Expenses</u>	Charges for <u>Services</u>	Operating Grants and <u>Contributions</u>	Capital Grants and <u>Contributions</u>	<u>Primary</u>	<u>Component</u>
					<u>Governmental</u>	<u>Unit</u>
					<u>Activities</u>	<u>School Board</u>
PRIMARY GOVERNMENT:						
Governmental activities:						
General government administration	\$ 2,231,888	\$ -	\$ 1,478,762	\$ -	\$ (753,126)	\$ -
Judicial administration	1,246,502	804,196	528,391	-	86,085	-
Public safety	9,303,279	185,438	1,841,640	-	(7,276,201)	-
Public works	(1,165,094)	6,034,075	-	-	7,199,169	-
Health and welfare	2,742,384	-	2,080,530	-	(661,854)	-
Education	9,436,064	-	-	-	(9,436,064)	-
Parks, recreation, and cultural	269,209	-	-	-	(269,209)	-
Community development	1,197,484	17,561	251,399	-	(928,524)	-
Interest on long-term debt	318,744	-	-	-	(318,744)	-
Total governmental activities	\$ 25,580,460	\$ 7,041,270	\$ 6,180,722	\$ -	\$ (12,358,468)	\$ -
Total primary government	\$ 25,580,460	\$ 7,041,270	\$ 6,180,722	\$ -	\$ (12,358,468)	\$ -
COMPONENT UNIT:						
School Board	\$ 21,323,712	\$ 36,555	\$ 13,445,503	\$ -	\$ -	(7,841,654)
Total component unit	\$ 21,323,712	\$ 36,555	\$ 13,445,503	\$ -	\$ -	(7,841,654)
General revenues:						
General property taxes	\$ 9,918,843	\$ -			\$ -	-
Local sales tax	1,093,961					-
Motor vehicle licenses	224,558					-
Other local taxes	271,035					-
Unrestricted revenues from use of money and property	110,398					1,590
Miscellaneous	243,877					917,559
Grants and contributions not restricted to specific programs	1,495,157					-
Payment from Sussex County	-					9,094,227
Total general revenues	\$ 13,357,829	\$ -				10,013,376
Change in net position	\$ 999,361	\$ -				2,171,722
Net position - beginning	45,466,402					6,414,674
Net position - ending	\$ 46,465,763	\$ -				8,586,396

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

County of Sussex, Virginia
Balance Sheet
Governmental Funds
June 30, 2022

	<u>General</u>	<u>County Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 9,888,348	\$ 5,341,428	\$ 41,025	\$ 15,270,801
Receivables (net of allowance for uncollectibles):				
Taxes receivable	626,420	-	-	626,420
Accounts receivable	739,697	-	107	739,804
Lease receivable	29,520,237	-	-	29,520,237
Interest receivable	112,989	-	-	112,989
Due from other governmental units	1,467,536	-	-	1,467,536
Restricted assets:				
Bond sinking funds	-	1,971,191	-	1,971,191
Total assets	<u>\$ 42,355,227</u>	<u>\$ 7,312,619</u>	<u>\$ 41,132</u>	<u>\$ 49,708,978</u>
LIABILITIES				
Accounts payable	\$ 801,442	\$ -	\$ -	\$ 801,442
Unearned revenue	1,115,326	-	-	1,115,326
Total liabilities	<u>\$ 1,916,768</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,916,768</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	\$ 594,599	\$ -	\$ -	\$ 594,599
Lease related items	29,295,739	-	-	29,295,739
Total deferred inflows of resources	<u>\$ 29,890,338</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,890,338</u>
FUND BALANCES				
Restricted	\$ -	\$ 1,971,191	\$ -	\$ 1,971,191
Committed	40,543	5,341,428	41,132	5,423,103
Unassigned	10,507,578	-	-	10,507,578
Total fund balances	<u>\$ 10,548,121</u>	<u>\$ 7,312,619</u>	<u>\$ 41,132</u>	<u>\$ 17,901,872</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 42,355,227</u>	<u>\$ 7,312,619</u>	<u>\$ 41,132</u>	<u>\$ 49,708,978</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, 2022

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 17,901,872
--	---------------

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

Capital assets, cost	\$ 57,791,999	
Accumulated depreciation	(19,782,325)	38,009,674

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

Unavailable revenue - property taxes	\$ 547,313	
Net pension asset	6,413,677	6,960,990

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

Pension related items	\$ 984,328	
OPEB related items	188,575	1,172,903

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	\$ (410,451)	
Net OPEB liabilities	(668,629)	
Landfill postclosure costs	(708,249)	
Equipment loan	(2,134,170)	
Lease liabilities	(168,915)	
General obligation bonds	(5,715,000)	
Bond premium	(760,064)	
QZAB bonds	(2,214,428)	
Accrued interest payable	(139,532)	(12,919,438)

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

Pension related items	\$ (4,520,381)	
OPEB related items	(139,857)	(4,660,238)

Net position of governmental activities	\$ 46,465,763
---	---------------

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, 2022

	<u>General</u>	<u>County Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total</u>
REVENUES				
General property taxes	\$ 9,868,014	\$ -	\$ -	\$ 9,868,014
Other local taxes	1,589,554	-	-	1,589,554
Permits, privilege fees, and regulatory licenses	86,301	-	-	86,301
Fines and forfeitures	783,292	-	-	783,292
Revenue from the use of money and property	54,347	55,988	63	110,398
Charges for services	6,170,515	-	1,162	6,171,677
Miscellaneous	243,877	-	-	243,877
Recovered costs	805,446	-	-	805,446
Intergovernmental:				
Commonwealth	5,019,601	-	-	5,019,601
Federal	2,656,278	-	-	2,656,278
Total revenues	<u>\$ 27,277,225</u>	<u>\$ 55,988</u>	<u>\$ 1,225</u>	<u>\$ 27,334,438</u>
EXPENDITURES				
Current:				
General government administration	\$ 2,382,435	\$ -	\$ -	\$ 2,382,435
Judicial administration	1,273,999	-	-	1,273,999
Public safety	10,348,295	-	2,970	10,351,265
Public works	911,059	-	-	911,059
Health and welfare	2,891,402	-	-	2,891,402
Education	8,139,283	-	-	8,139,283
Parks, recreation, and cultural	263,511	-	-	263,511
Community development	1,223,071	-	-	1,223,071
Debt service:				
Principal retirement	1,307,344	64,645	-	1,371,989
Interest and other fiscal charges	346,848	3,749	-	350,597
Total expenditures	<u>\$ 29,087,247</u>	<u>\$ 68,394</u>	<u>\$ 2,970</u>	<u>\$ 29,158,611</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,810,022)</u>	<u>\$ (12,406)</u>	<u>\$ (1,745)</u>	<u>\$ (1,824,173)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 687,842	\$ -	\$ -	\$ 687,842
Transfers out	-	(687,842)	-	(687,842)
Issuance of refunding general obligation bonds	3,225,000	-	-	3,225,000
Refunding general obligation bond premium	414,578	-	-	414,578
Issuance of equipment loan	2,412,673	-	-	2,412,673
Refunding general obligation bonds equity contribution	400,000	-	-	400,000
Payment to refunding bond agent	(3,895,962)	-	-	(3,895,962)
Total other financing sources (uses)	<u>\$ 3,244,131</u>	<u>\$ (687,842)</u>	<u>\$ -</u>	<u>\$ 2,556,289</u>
Net change in fund balances	\$ 1,434,109	\$ (700,248)	\$ (1,745)	\$ 732,116
Fund balances - beginning	9,114,012	8,012,867	42,877	17,169,756
Fund balances - ending	<u>\$ 10,548,121</u>	<u>\$ 7,312,619</u>	<u>\$ 41,132</u>	<u>\$ 17,901,872</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, 2022

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

Net change in fund balances - total governmental funds	\$	732,116
--	----	---------

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. The following is a summary of items supporting this adjustment:

Capital outlays	\$ 518,576	
Jointly owned asset allocation	(957,926)	
Depreciation expense	<u>(1,322,334)</u>	(1,761,684)

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

Property taxes		50,829
----------------	--	--------

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 retired on state literary fund loans	\$ 4,257,232	
Principal retired on general obligation bonds	230,000	
Principal retired on equipment loan	343,148	
Principal retired on lease liabilities	37,571	
Issuance of general obligation bonds	(3,225,000)	
Premium on bond issuance	(414,578)	
Issuance of equipment loan	<u>(2,412,673)</u>	(1,184,300)

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	998,245	
OPEB expense	32,637	
Decrease (increase) in landfill postclosure liability	2,030,408	
Decrease (increase) in compensated absences	69,257	
Decrease (increase) in accrued interest payable	<u>(2,696)</u>	3,162,400

Change in net position of governmental activities	\$	<u><u>999,361</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, 2022

Custodial Funds

ASSETS

Cash and cash equivalents	\$ 118,204
Receivables:	
Accounts receivable	58
Total assets	<u>\$ 118,262</u>

NET POSITION

Restricted for:	
Individuals	\$ 26,129
Scholarships	92,133
Total net position	<u>\$ 118,262</u>

County of Sussex, Virginia
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2022

	<u>Custodial Funds</u>
ADDITIONS	
Contributions:	
Private contributions	\$ 72,914
Investment earnings:	
Interest	2,177
Total additions	<u>\$ 75,091</u>
DEDUCTIONS	
Scholarships	\$ 3,300
Bank charges	72
Recipient payments	77,738
Total deductions	<u>\$ 81,110</u>
Net increase (decrease) in fiduciary net position	\$ (6,019)
Net position - beginning	124,281
Net position - ending	<u><u>\$ 118,262</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, 2022

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 specifications promulgated by the Auditor of Public Accounts (APA) of the Commonwealth of Virginia and accounting principles generally accepted in the United States as specified by the Governmental Accounting Standards Board. 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. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers 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, 2022

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 government-wide financial statements to emphasize it is both legally and substantively separate from the government.

B. Individual Component Unit Disclosures

Blended Component Units. The County has no blended component units at June 30, 2022.

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, 2022.

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.

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of recognition in the financial statements of various kinds of transactions or events.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2022

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

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

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

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, including lease liabilities, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions, including entering into contracts giving the government the right to use lease assets, are reported as expenditures in the governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

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, 2022

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, Robert Mitchell Scholarship, Rotary Scholarship, and Richard Clements Moore III Scholarship.

E. Cash and Cash Equivalents

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

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

F. Investments

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

G. Receivables and Payables

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$99,804 at June 30, 2022 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 are tangible and intangible assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets, except for infrastructure assets, are defined by the County and Component Unit School Board as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years.

As the County and Component Unit School Board constructs or acquires capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost (except for intangible right-to-use lease assets (lease assets), the measurement of which is discussed in more detail below). The reported value excludes normal maintenance and repairs, which are amounts spent in relation to capital assets that do not increase the asset’s capacity or efficiency or increases its estimated useful life. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2022

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

G. Capital Assets (Continued)

Land and construction in progress are not depreciated. The other tangible and intangible property, plant equipment, lease assets, and infrastructure of the primary government, as well as the component unit, are depreciated/amortized using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	40
Building improvements	40
Furniture, Vehicles, Office and Computer Equipment	5-20
Buses	10
Leased equipment	2-5

H. Leases

The County leases various assets requiring recognition. A lease is a contract that conveys control of the right to use another entity’s nonfinancial asset. Lease recognition does not apply to short-term leases, contracts that transfer ownership, leases of assets that are investments, or certain regulated leases.

Lessee

The County recognizes lease liabilities and intangible right-to-use lease assets (lease assets) with an initial value of \$5,000, individually or in the aggregate in the government-wide financial statements. At the commencement of the lease, the lease liability is measured at the present value of payments expected to be made during the lease term (less any lease incentives). The lease liability is reduced by the principal portion of payments made. The lease asset is measured at the initial amount of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. The lease asset is amortized over the shorter of the lease term or the useful life of the underlying asset.

Lessor

The County recognizes leases receivable and deferred inflows of resources in the government-wide and governmental fund financial statements. At commencement of the lease, the lease receivable is measured at the present value of lease payments expected to be received during the lease term, reduced by any provision for estimated uncollectible amounts. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is measured at the initial amount of the lease receivable, less lease payments received from the lessee at or before the commencement of the lease term (less any lease incentives).

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2022

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

H. Leases (Continued)

Key Estimates and Judgments

Lease accounting includes estimates and judgments for determining the (1) rate used to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The County uses the interest rate stated in lease contracts. When the interest rate is not provided or the implicit rate cannot be readily determined, the County uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease and certain periods covered by options to extend to reflect how long the lease is expected to be in effect, with terms and conditions varying by the type of underlying asset.
- Fixed and certain variable payments as well as lease incentives and certain other payments are included in the measurement of the lease liability (lessee) or lease receivable (lessor).

The County monitors changes in circumstances that would require a remeasurement or modification of its leases. The County will remeasure the lease asset and liability (lessee) or the lease receivable and deferred inflows of resources (lessor) if certain changes occur that are expected to significantly affect the amount of the lease liability or lease receivable.

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.

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

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/amortization and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

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

L. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County'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.

M. Other Postemployment Benefits (OPEB)

For purposes of measuring the net VRS related OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to the OPEB, and OPEB expense, information about the fiduciary net position of the VRS GLI, 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.

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

N. 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.

O. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net assets 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 pension and OPEB. For more detailed information on these items, reference the related notes.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets 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 pension, OPEB, and leases are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

P. Fund Balance

In governmental fund types, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called "fund balance." County's governmental funds report the following categories of fund balance, based on the nature of any limitations requiring the use of resources for specific purposes:

- Nonspendable fund balance - amounts that are either not in spendable form (such as inventory and prepaids) or are legally or contractually 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;

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2022

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

P. Fund Balance (Continued)

- 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 generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment;
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are only reported in the general fund. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

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

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, which does not lapse at year end, 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	\$ -	\$ 1,971,191	\$ -	\$ 1,971,191
Total Restricted Fund Balance	\$ -	\$ 1,971,191	\$ -	\$ 1,971,191
Committed:				
CDBG	\$ 40,543	\$ -	\$ -	\$ 40,543
Capital Improvements	-	5,341,428	-	5,341,428
Forfeited asset	-	-	8,113	8,113
Law library	-	-	33,019	33,019
Total Committed Fund Balance	\$ 40,543	\$ 5,341,428	\$ 41,132	\$ 5,423,103
Unassigned	\$ 10,507,578	\$ -	\$ -	\$ 10,507,578
Total Fund Balances	\$ 10,548,121	\$ 7,312,619	\$ 41,132	\$ 17,901,872

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2022

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. Formal budgetary integration is employed as a management control device during the year and budgets are legally adopted for the General Fund, VPA Fund, CSA Fund, and the County Capital Projects Funds of the primary government and the School Operating Fund, School Cafeteria Fund, and Textbook Fund of the School Board.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30, for all County units.
8. All budgetary data presented in the accompanying financial statements is the original budget at June 30. Several supplemental appropriations were necessary during the year and at year end because they were not included in the original budget.
9. **Excess of expenditures over appropriations:**
Expenditures exceeded appropriations in the School Operating Fund, School Cafeteria Fund, and Textbook Fund at June 30, 2022.

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.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2022

Note 3—Deposits and Investments: (Continued)

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 & 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).

Credit Risk of Debt Securities

The County’s rated debt investments as of June 30, 2022 were rated by Standard & Poor’s and the ratings are presented below using the Standard & Poor’s rating scale.

		<u>Fair Quality Ratings</u>
		<u>AAAm</u>
Local Government Investment Pool	\$	2,092,186
Virginia Investment Pool		2,625,830
Money Market Mutual Fund		1,971,191
Total	\$	<u>6,689,207</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.

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 Virginia Investment Pool Investment at the net asset value (NAV). The VaCO/VML Virginia Investment Pool allows the County and IDA to have the option to have access to withdraw funds twice a month, with a five-day period notice. Additionally, funds are available to meet unexpected needs such as fluctuations in revenue sources with one-time outlays (disasters, immediate capital needs, state budget cuts, etc.).

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2022

Note 4—Due to/from Other Governments:

At June 30, 2022, the County has receivables from other governments as follows:

	Primary Government	Component Unit School Board
Other Local Governments:		
Sussex County School Board	\$ 696,299	\$ -
Commonwealth of Virginia:		
Local sales tax	181,116	-
Welfare	63,238	-
Rolling stock tax	78,781	-
State Sales Tax	-	293,533
Constitutional officer reimbursements	186,377	-
Tax on deeds	8,059	-
Mobile home titling tax	4,710	-
Communications tax	20,036	-
E-911 wireless	11,545	-
Timber sale	2,500	-
Victim witness	6,802	-
Children's services	32,967	-
Other state funds	200	-
Federal Government:		
School fund grants	-	1,962,755
Victim witness	15,871	-
UNOS grant	38,524	-
Welfare	120,511	-
Total due from other governments	\$ 1,467,536	\$ 2,256,288

At June 30, 2022, amounts due to other local governments are as follows:

Other Local Governments:		
County of Sussex	\$ -	\$ 696,299

The remainder of this page left blank intentionally.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued) As of June 30, 2022

Note 5—Capital Assets:

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2022:

Primary Government:

	Balance July 1, 2021	GASB 87 Adjustments	Adjusted Balance July 1, 2021	Issuances/ Increases	Retirements/ Decreases	Balance June 30, 2022
Governmental activities:						
Capital assets not subject to depreciation:						
Land	\$ 10,530,331	\$ -	\$ 10,530,331	\$ -	\$ -	\$ 10,530,331
Construction in progress	10,367,026	-	10,367,026	-	-	10,367,026
Total capital assets not subject to depreciation	\$ 20,897,357	\$ -	\$ 20,897,357	\$ -	\$ -	\$ 20,897,357
Capital assets subject to depreciation:						
Buildings and improvements	\$ 8,638,650	\$ -	\$ 8,638,650	\$ 49,430	\$ -	\$ 8,688,080
Machinery and equipment	13,900,690	-	13,900,690	469,146	-	14,369,836
Leased equipment	-	206,486	206,486	-	-	206,486
Jointly owned assets	15,146,041	-	15,146,041	-	1,515,801	13,630,240
Total capital assets subject to depreciation	\$ 37,685,381	\$ 206,486	\$ 37,891,867	\$ 518,576	\$ 1,515,801	\$ 36,894,642
Accumulated depreciation:						
Buildings and improvements	\$ 4,847,642	\$ -	\$ 4,847,642	\$ 203,320	\$ -	\$ 5,050,962
Machinery and equipment	8,595,878	-	8,595,878	740,472	-	9,336,350
Leased equipment	-	-	-	39,687	-	39,687
Jointly owned assets	5,574,346	-	5,574,346	338,855	557,875	5,355,326
Total accumulated depreciation	\$ 19,017,866	\$ -	\$ 19,017,866	\$ 1,322,334	\$ 557,875	\$ 19,782,325
Total capital assets being depreciated, net	\$ 18,667,515	\$ 206,486	\$ 18,874,001	\$ (803,758)	\$ 957,926	\$ 17,112,317
Governmental activities capital assets, net	\$ 39,564,872	\$ 206,486	\$ 39,771,358	\$ (803,758)	\$ 957,926	\$ 38,009,674

Component Unit - School Board:

	Balance July 1, 2021	GASB 87 Adjustments	Adjusted Balance July 1, 2021	Issuances/ Increases	Retirements/ Decreases	Balance June 30, 2022
Governmental activities:						
Capital assets not subject to depreciation:						
Land	\$ 110,993	\$ -	\$ 110,993	\$ -	\$ -	\$ 110,993
Total capital assets not subject to depreciation	\$ 110,993	\$ -	\$ 110,993	\$ -	\$ -	\$ 110,993
Capital assets subject to depreciation:						
Machinery and equipment	\$ 4,995,176	\$ -	\$ 4,995,176	\$ 545,288	\$ -	\$ 5,540,464
Leased equipment	-	48,225	48,225	71,715	-	119,940
Jointly owned assets	30,430,010	-	30,430,010	-	(1,515,801)	31,945,811
Total capital assets subject to depreciation	\$ 35,425,186	\$ 48,225	\$ 35,473,411	\$ 617,003	\$ (1,515,801)	\$ 37,606,215
Accumulated depreciation:						
Machinery and equipment	\$ 4,035,029	\$ -	\$ 4,035,029	\$ 309,368	\$ -	\$ 4,344,397
Leased equipment	-	-	-	31,981	-	31,981
Jointly owned assets	11,199,455	-	11,199,455	794,190	(557,875)	12,551,520
Total accumulated depreciation	\$ 15,234,484	\$ -	\$ 15,234,484	\$ 1,135,539	\$ (557,875)	\$ 16,927,898
Total capital assets being depreciated, net	\$ 20,190,702	\$ 48,225	\$ 20,238,927	\$ (518,536)	\$ (957,926)	\$ 20,678,317
Governmental activities capital assets, net	\$ 20,301,695	\$ 48,225	\$ 20,349,920	\$ (518,536)	\$ (957,926)	\$ 20,789,310

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2022

Note 5—Capital Assets: (Continued)

Depreciation expense was charged to functions/programs as follows:

Primray Government:

Governmental activities:

General government administration	\$	57,609
Judicial administration		129,831
Public safety		701,980
Public works		32,377
Health and welfare		50,540
Education		338,855
Parks, recreation and cultural		5,698
Community development		<u>5,444</u>
Total Governmental activities	\$	<u><u>1,322,334</u></u>

Component Unit School Board	\$	<u><u>1,135,539</u></u>
-----------------------------	----	-------------------------

Note 6—Interfund Transfers:

Interfund transfers for the year ended June 30, 2022, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General	\$ 687,842	\$ -
County Capital Projects	<u>-</u>	<u>687,842</u>
Total	\$ <u><u>687,842</u></u>	\$ <u><u>687,842</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, 2022

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, 2022:

	Balance at July 1, 2021	GASB 87 Adjustments	Adjusted Balance at July 1, 2021	Issuances/ Increases	Retirements/ Decreases	Balance at June 30, 2022	Amounts Due Within One Year
Governmental Activities Obligations:							
Incurred by County:							
Equipment loan	\$ 64,645	\$ -	\$ 64,645	\$ 2,412,673	\$ 343,148	\$ 2,134,170	\$ 263,501
Lease liabilities	-	206,486	206,486	-	37,571	168,915	42,244
Landfill postclosure costs	2,738,657	-	2,738,657	8,759	2,039,167	708,249	-
Net OPEB liabilities	781,882	-	781,882	148,368	261,621	668,629	-
Compensated absences	479,708	-	479,708	47,971	117,228	410,451	41,045
Total incurred by County	\$ 4,064,892	\$ 206,486	\$ 4,271,378	\$ 2,617,771	\$ 2,798,735	\$ 4,090,414	\$ 346,790
Incurred by School Board:							
Direct Borrowings and Direct Placements:							
QZAB bonds	\$ 2,214,428	\$ -	\$ 2,214,428	\$ -	\$ -	\$ 2,214,428	\$ 2,214,428
Literary fund loans	4,257,232	-	4,257,232	-	4,257,232	-	-
General obligation bonds	2,720,000	-	2,720,000	3,225,000	230,000	5,715,000	830,000
Bond premium	380,035	-	380,035	414,578	34,549	760,064	-
Total incurred by School Board	\$ 9,571,695	\$ -	\$ 9,571,695	\$ 3,639,578	\$ 4,521,781	\$ 8,689,492	\$ 3,044,428
Total Governmental Activities Obligations	\$ 13,636,587	\$ 206,486	\$ 13,843,073	\$ 6,257,349	\$ 7,320,516	\$ 12,779,906	\$ 3,391,218

The remainder of this page left blank intentionally.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2022

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	Incurred by County			
	Equipment Loan		Lease Liabilities	
	Principal	Interest	Principal	Interest
2023	\$ 263,501	\$ 42,522	\$ 42,244	\$ 2,796
2024	269,945	36,079	42,465	2,089
2025	276,638	29,386	35,555	1,390
2026	283,594	20,430	26,918	793
2027	224,255	15,196	21,733	231
2028	227,653	11,798	-	-
2029	193,142	8,464	-	-
2030	196,178	5,428	-	-
2031	199,264	2,343	-	-
Total	\$ 2,134,170	\$ 171,646	\$ 168,915	\$ 7,299

Year Ending June 30	Direct Borrowings and Direct Placements Incurred by School Board			
	General Obligation Bonds		QZAB Bonds	
	Principal	Interest	Principal	Interest
2023	\$ 830,000	\$ 290,121	\$ 2,214,428	\$ -
2024	875,000	209,974	-	-
2025	885,000	165,534	-	-
2026	895,000	120,589	-	-
2027	550,000	86,353	-	-
2028	555,000	61,826	-	-
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	\$ 5,715,000	\$ 1,057,867	\$ 2,214,428	\$ -

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2022

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Details of long-term obligations:

Governmental Activities:

Incurred by County:

Total
Amount

Equipment Loans:

\$295,654 sheriff vehicles equipment loan issued on March 23, 2022, due in annual installments of \$66,572 through March 2026, after an initial interest free payment of \$66,572. \$ 229,627

\$2,116,474 emergency vehicle equipment loan issued on April 15, 2021, due in semiannual installments of \$119,726 through March 2028, followed by \$100,803 through March 2031, interest at 1.566% 1,904,543

Total equipment loans \$ 2,134,170

Lease liabilities:

\$22,939 copier equipment lease, due in monthly installments of \$405 through May 2027, interest at 3.01%. \$ 22,219

\$6,665 copier equipment lease, due in monthly installments of \$145 through May 2025, interest at 1.17%. 4,990

\$20,459 mailing system equipment lease, due in quarterly installments of \$1,395 through March 2025, interest at 1.17%. 15,079

\$22,836 copier equipment lease, due in monthly installments of \$553 through December 2024, interest at 1.00%. 16,323

\$89,434 tower lease, due in monthly installments of \$1,382 through February 2027, interest at 1.51%. 74,696

\$32,936 tower lease, due in monthly installments of \$400 through June 2027, interest at 2.96%. 28,257

\$7,136 mailing system equipment lease, due in quarterly installments of \$657 through January 2024, interest at 1.00%. 4,559

\$7,136 printer equipment lease, due in monthly installments of \$106 through January 2024, interest at 1.00%. 2,792

Total lease liabilities \$ 168,915

Landfill postclosure costs \$ 708,249

Net OPEB liabilities \$ 668,629

Compensated absences (payable from the General Fund) \$ 410,451

Total Incurred by County \$ 4,090,414

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2022

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Details of long-term obligations: (Continued)

<u>Incurred by School Board:</u>	<u>Total Amount</u>
<u>QZAB Bonds:</u>	
\$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>
<u>General Obligation Bonds Payable:</u>	
\$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>2,490,000</u>
\$3,225,000 VPSA bond issued October 23, 2021, due in varying annual installments, interest payable semi-annually at coupon rate of 5.05% through July 15, 2027.	\$ <u>3,225,000</u>
Total General Obligation Bonds	\$ <u>5,715,000</u>
Bond Premium	\$ <u>760,064</u>
Total incurred by School Board	\$ <u>8,689,492</u>
Total Governmental Activities, Primary Government	\$ <u>12,779,906</u>

Discretely Presented Component Unit-School Board:

The following is a summary of changes in long-term obligations for the fiscal year ended June 30, 2022:

	<u>Balance at July 1, 2021</u>	<u>GASB 87 Adjustments</u>	<u>Adjusted Balance at July 1, 2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at June 30, 2022</u>	<u>Amounts Due Within One Year</u>
Component Unit-School Board:							
Lease liabilities	\$ -	\$ 48,225	\$ 48,225	\$ 71,715	\$ 34,604	\$ 85,336	\$ 30,324
Net OPEB liabilities	2,670,763	-	2,670,763	473,402	846,770	2,297,395	-
Net pension liability	13,854,100	-	13,854,100	2,419,791	9,106,999	7,166,892	-
Compensated absences	239,398	-	239,398	126,198	23,940	341,656	34,166
Total Component Unit-School Board	\$ <u>16,764,261</u>	\$ <u>48,225</u>	\$ <u>16,812,486</u>	\$ <u>3,091,106</u>	\$ <u>10,012,313</u>	\$ <u>9,891,279</u>	\$ <u>64,490</u>

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2022

Note 7—Long-Term Obligations: (Continued)

Discretely Presented Component Unit-School Board: (Continued)

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

Year Ending June 30	<u>Component-Unit School Board</u>	
	Lease Liabilities	
	Principal	Interest
2023	\$ 30,324	\$ 2,295
2024	24,872	1,420
2025	25,173	599
2026	4,967	27
Total	<u>\$ 85,336</u>	<u>\$ 4,341</u>

Details of Long-Term Obligations:

Incurred by Component Unit-School Board:

Lease liabilities:

\$25,897 copier equipment lease, due in monthly installments of \$600 through May 2025, interest at 3.25%.

Total
Amount

\$ 19,464

\$71,715 copier equipment lease, due in monthly installments of \$1,591 through September 2025, interest at 3.25%.

59,007

\$20,459 mobile classroom lease, due in quarterly installments of \$1,349 through November 2022, interest at 4.75%.

6,865

Total lease liabilities

\$ 85,336

Net OPEB liabilities

\$ 2,297,395

Net pension liability

\$ 7,166,892

Compensated absences (payable from the General Fund)

\$ 341,656

Total Long-Term Obligations, Component Unit-School Board

\$ 9,891,279

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2022

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 \$708,249 reported as landfill closure and postclosure liability at June 30, 2022, 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 2022. 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 \$547,313 at June 30, 2022.

Prepaid Property Taxes - Property taxes due subsequent to June 30, 2022 but paid in advance by the taxpayers totaled \$47,286 at June 30, 2022.

The Discretely Present Component Unit School Board reports unearned revenue related to funding received from Virginia State University in the amount of \$191,932.

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, 2022, 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, 2022

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 Association of Counties Group Self Insurance Risk Pool 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 Association of Counties 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—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.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2022

Note 13—Pension Plans: (Continued)

Benefit Structures (Continued)

- 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.

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.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2022

Note 13—Pension Plans: (Continued)

Employees Covered by Benefit Terms

As of the June 30, 2020 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	104	41
Inactive members:		
Vested inactive members	18	4
Non-vested inactive members	22	7
Inactive members active elsewhere in VRS	74	18
Total inactive members	114	29
Active members	110	41
Total covered employees	328	111

Contributions

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

The County's contractually required employer contribution rate for the year ended June 30, 2022 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 \$407,131 and \$387,105 for the years ended June 30, 2022 and June 30, 2021, respectively.

The Component Unit School Board's contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2022 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 \$22,391 and \$21,826 for the years ended June 30, 2022 and June 30, 2021, respectively.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2022

Note 13—Pension Plans: (Continued)

Net Pension Asset

The net pension asset (NPA) 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, 2021. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021.

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, 2020, 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, 2021.

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

Mortality rates:

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

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2022

Note 13—Pension Plans: (Continued)

Actuarial Assumptions - General Employees (Continued)

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, 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)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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, 2020, 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, 2021.

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

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2022

Note 13—Pension Plans: (Continued)

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

Mortality rates:

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males and females set forward 2 years

Mortality Improvement:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

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

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, 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)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2022

Note 13—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%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.39%

*The above allocation provides a one-year expected return of 7.39%. 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. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

*On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

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, 2021, 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, 2022

Note 13—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, 2021, 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, 2021 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, 2020	\$ 27,407,633	\$ 27,518,647	\$ (111,014)
Changes for the year:			
Service cost	\$ 687,822	\$ -	\$ 687,822
Interest	1,807,557	-	1,807,557
Assumption changes	588,721	-	588,721
Differences between expected and actual experience	(1,272,838)	-	(1,272,838)
Contributions - employer	-	385,736	(385,736)
Contributions - employee	-	247,548	(247,548)
Net investment income	-	7,498,706	(7,498,706)
Benefit payments, including refunds of employee contributions	(1,258,032)	(1,258,032)	-
Administrative expenses	-	(18,770)	18,770
Other changes	-	705	(705)
Net changes	\$ 553,230	\$ 6,855,893	\$ (6,302,663)
Balances at June 30, 2021	\$ 27,960,863	\$ 34,374,540	\$ (6,413,677)

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2022

Note 13—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, 2020	\$ 3,779,002	\$ 3,961,927	\$ (182,925)
Changes for the year:			
Service cost	\$ 85,276	\$ -	\$ 85,276
Interest	248,651	-	248,651
Assumption changes	125,487	-	125,487
Differences between expected and actual experience	12,207	-	12,207
Contributions - employer	-	21,837	(21,837)
Contributions - employee	-	42,196	(42,196)
Net investment income	-	1,074,222	(1,074,222)
Benefit payments, including refunds of employee contributions	(190,553)	(190,553)	-
Administrative expenses	-	(2,724)	2,724
Other changes	-	101	(101)
Net changes	\$ 281,068	\$ 945,079	\$ (664,011)
Balances at June 30, 2021	\$ 4,060,070	\$ 4,907,006	\$ (846,936)

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)	\$ (2,985,515)	\$ (6,413,677)	\$ (9,259,811)
Component Unit School Board's (nonprofessional)			
Net Pension Liability (Asset)	\$ (378,320)	\$ (846,936)	\$ (1,238,904)

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2022

Note 13—Pension Plans: (Continued)

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

For the year ended June 30, 2022, the County and Component Unit School Board (nonprofessional) recognized pension expense of (\$592,483) and (\$99,325), respectively. At June 30, 2022, 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	\$ 211,476	\$ 790,702	\$ 6,923	\$ 13,286
Change of assumptions	365,721	-	71,164	-
Net difference between projected and actual earnings on pension plan investments	-	3,729,679	-	533,395
Employer contributions subsequent to the measurement date	407,131	-	22,391	-
Total	<u>\$ 984,328</u>	<u>\$ 4,520,381</u>	<u>\$ 100,478</u>	<u>\$ 546,681</u>

\$407,131 and \$22,391 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, 2023. 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)
2023	\$ (922,927)	\$ (78,747)
2024	(1,018,764)	(103,398)
2025	(868,913)	(124,218)
2026	(1,132,580)	(162,231)
2027	-	-
Thereafter	-	-

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2022

Note 13—Pension Plans: (Continued)

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2021-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, 2022 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 \$1,333,885 and \$1,306,045 for the years ended June 30, 2022 and June 30, 2021, respectively.

In June 2021, the Commonwealth made a special contribution of approximately \$61.3 million to the VRS Teacher Retirement Plan. This special payment was authorized by a budget amendment included in Chapter 552 of the 2021 Appropriation Act, and is classified as a non-employer contribution.

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

At June 30, 2022, the school division reported a liability \$7,166,892 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2021 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. 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, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the school division's proportion was 0.09232% as compared to 0.09520% at June 30, 2020.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2022

Note 13—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, 2022, the school division recognized pension expense (\$85,874). 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, 2022, 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 \$	-	\$ 610,433
Change of assumptions	1,255,621	-
Net difference between projected and actual earnings on pension plan investments	-	4,516,383
Changes in proportion and differences between employer contributions and proportionate share of contributions	26,120	548,804
Employer contributions subsequent to the measurement date	<u>1,333,885</u>	<u>-</u>
Total	<u>\$ 2,615,626</u>	<u>\$ 5,675,620</u>

\$1,333,885 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, 2023. 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>	
2023	\$ (1,087,236)
2024	(938,287)
2025	(1,020,331)
2026	(1,348,489)
2027	464

Note 13—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, 2020, 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, 2021.

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

Mortality rates:

- Pre-Retirement:
 - Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males
- Post-Retirement:
 - Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females
- Post-Disablement:
 - Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females
- Beneficiaries and Survivors:
 - Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally
- Mortality Improvement:
 - Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The remainder of this page left blank intentionally.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2022

Note 13—Pension Plans: (Continued)

Component Unit School Board (professional) (Continued)

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, 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)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2021, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

		Teacher Employee Retirement Plan
Total Pension Liability	\$	53,381,141
Plan Fiduciary Net Position		45,617,878
Employers' Net Pension Liability (Asset)	\$	<u>7,763,263</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		85.46%

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, 2022

Note 13—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) \$	13,831,713 \$	7,166,892 \$	1,684,186

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2021-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 Asset	Pension Expense	Deferred Outflows	Deferred Inflows	Net Pension Asset	Net Pension Liability	Pension Expense
VRS Pension Plans:									
Primary Government	\$ 984,328	\$ 4,520,381	\$ 6,413,677	\$ (592,483)	\$ -	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	100,478	546,681	846,936	-	(99,325)
School Board Professional	-	-	-	-	2,615,626	5,675,620	-	7,166,892	(85,874)
Totals	\$ 984,328	\$ 4,520,381	\$ 6,413,677	\$ (592,483)	\$ 2,716,104	\$ 6,222,301	\$ 846,936	\$ 7,166,892	\$ (185,199)

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

Plan Description

The Group Life Insurance (GLI) Plan was established pursuant to §51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent employees of the state agencies, teachers, and employees of participating political subdivisions are automatically covered by the VRS GLI Plan upon employment. This is a cost-sharing

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2022

Note 14—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, seatbelt 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 \$8,722 as of June 30, 2022.

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% x 60%) and the employer component was 0.54% (1.34% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2022 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 \$29,563 and \$28,114 for the years ended June 30, 2022 and June 30, 2021, respectively.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2022

Note 14—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 \$44,722 and \$43,735 for the years ended June 30, 2022 and June 30, 2021, respectively. Contributions to the Group Life Insurance Plan from the Component Unit School Board (nonprofessional) were \$5,132 and \$4,852 for the years ended June 30, 2022 and June 30, 2021, 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, 2022, the County reported a liability of \$293,629 for its proportionate share of the Net GLI OPEB Liability. The Component Unit School Board (professional) and (nonprofessional) reported liabilities of \$456,744 and \$50,646, respectively, for their proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2021 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, 2020, and rolled forward to the measurement date of June 30, 2021. 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, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the County's proportion was 0.02517% as compared to 0.02528% at June 30, 2020. At June 30, 2021, the Component Unit School Board (professional) and (nonprofessional) proportion was 0.03807% and 0.00437%, respectively as compared to 0.04033% and 0.00448%, respectively at June 30, 2020.

For the year ended June 30, 2022, the County recognized GLI OPEB expense of \$4,009. For the year ended June 30, 2022, the Component Unit School Board (professional) recognized GLI OPEB expense of \$8,121. For the year ended June 30, 2022, the Component Unit School Board (nonprofessional) recognized GLI OPEB expense of (\$1,088). 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, 2022, 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 \$	33,489	\$ 2,237	\$ 52,093	\$ 3,480	\$ 5,776	\$ 386
Net difference between projected and actual earnings on GLI OPEB program investments	-	70,083	-	109,015	-	12,088
Change of assumptions	16,188	40,175	25,180	62,492	2,792	6,929
Changes in proportionate share	1,335	17,362	-	31,482	-	7,419
Employer contributions subsequent to the measurement date	29,563	-	44,722	-	5,132	-
Total	\$ 80,575	\$ 129,857	\$ 121,995	\$ 206,469	\$ 13,700	\$ 26,822

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2022

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

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

\$29,563, \$44,722, and \$5,132, 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, 2023. 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)
2023	\$ (22,486)	\$ (33,092)	\$ (5,658)
2024	(16,262)	(25,554)	(3,986)
2025	(12,768)	(23,304)	(3,049)
2026	(22,829)	(38,000)	(4,481)
2027	(4,500)	(9,246)	(1,080)
Thereafter	-	-	-

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2020, 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, 2021. 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

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2022

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

Mortality Rates - Teachers

Pre-Retirement:

Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males

Post-Retirement:

Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females

Post-Disablement:

Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, 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)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2022

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

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

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; males set forward 2 years;
105% of rates for females set forward 3 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 95% of rates for
males set forward 2 years; 95% of rates for females set forward 1 year

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set
forward 3 years; 110% of rates for females set forward 2 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020
rates

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, 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)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2022

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

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

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, 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)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2022

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

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Plan represents the plan’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2021, NOL amounts for the GLI Plans is as follows (amounts expressed in thousands):

		GLI OPEB Plan
Total GLI OPEB Liability	\$	3,577,346
Plan Fiduciary Net Position		2,413,074
Employers' Net GLI OPEB Liability (Asset)	\$	1,164,272
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		67.45%

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, 2022

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

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.39%

*The above allocation provides a one-year return of 7.39%. 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. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

* On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

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 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, 2021, 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

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2022

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

Discount Rate (Continued)

which was 100% of the actuarially determined contribution rate. From July 1, 2021 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

Sensitivity of the Employer's Proportionate Share of the Net GLI OPEB Liability to Changes in the Discount Rate

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
County's proportionate share of the GLI Plan Net OPEB Liability	\$ 429,003	\$ 293,629	\$ 184,309
Component School Board (professional)'s proportionate share of the GLI Plan Net OPEB Liability	\$ 667,319	\$ 456,744	\$ 286,694
Component School Board (nonprofessional)'s proportionate share of the GLI Plan Net OPEB Liability	\$ 73,995	\$ 50,646	\$ 31,790

Group Life Insurance Program Fiduciary Net Position

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2021-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, 2022

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

Plan Description

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

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

Eligible Employees

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

Benefit Amounts

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

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2022

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

Employees Covered by Benefit Terms

As of the June 30, 2020 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	<u>16</u>
Active members	<u>41</u>
Total covered employees	<u>57</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, 2022 was 0.67% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2020. 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 \$6,351 and \$6,019 for the years ended June 30, 2022 and June 30, 2021, respectively.

During the 2020 session, House Bill 1513 was enacted. This bill required the addition of Health Insurance Credit benefits for non-teacher employees effective July 1, 2021. While benefit payments became effective July 1, 2021, employers were required to pre-fund the benefits beginning July 1, 2020. The bill impacted 95 employers and resulted in approximately \$2.5 million of additional employer contributions in FY 2021.

Net HIC OPEB Liability

The School Board’s net HIC OPEB liability was measured as of June 30, 2021. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2020, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2022

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

Actuarial Assumptions

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2020, 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, 2021.

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

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

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2022

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

Actuarial Assumptions: (Continued)

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

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, 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)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

The remainder of this page left blank intentionally.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2022

Note 15—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%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.39%

*The above allocation provides a one-year return of 7.39%. 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. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

* On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2022

Note 15—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, 2021, the rate contributed by the entity for the HIC OPEB was 100% of the actuarially determined contribution rate. From July 1, 2021 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, 2020	\$ 97,756	\$ -	\$ 97,756
Changes for the year:			
Service cost	\$ 1,266	\$ -	\$ 1,266
Interest	6,599	-	6,599
Benefit changes	-	-	-
Assumption changes	2,634	-	2,634
Contributions - employer	-	6,020	(6,020)
Net investment income	-	825	(825)
Administrative expenses	-	(27)	27
Net changes	\$ 10,499	\$ 6,818	\$ 3,681
Balances at June 30, 2021	\$ 108,255	\$ 6,818	\$ 101,437

The remainder of this page left blank intentionally.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2022

Note 15—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	\$ 111,333	\$ 101,437	\$ 92,874

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, 2022, the School Board recognized HIC Plan OPEB expense of \$8,148. At June 30, 2022, 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
Net difference between projected and actual earnings on HIC OPEB plan investments	\$ -	\$ 498
Change in assumptions	2,051	-
Employer contributions subsequent to the measurement date	6,351	\$ -
Total	\$ 8,402	\$ 498

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2022

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

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

\$6,351 reported 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>		
2023	\$	458
2024		458
2025		458
2026		179
2027		-
Thereafter		-

HIC Plan Data

Information about the VRS Political Subdivision HIC Plan is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2021-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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

Plan Description

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

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2022

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

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, 2022 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 \$100,211 and \$97,841 for the years ended June 30, 2022 and June 30, 2021, respectively.

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

At June 30, 2022, the school division reported a liability of \$1,173,568 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, 2021 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, 2020, and rolled forward to the measurement date of June 30, 2021. 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, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the school division's proportion of the VRS Teacher Employee HIC was 0.09143% as compared to 0.09440% at June 30, 2020.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2022

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

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

For the year ended June 30, 2022, the school division recognized VRS Teacher Employee HIC OPEB expense of \$76,705. 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, 2022, 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	\$ -	\$ 20,479
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	-	15,459
Change of assumptions	31,724	4,716
Change in proportionate share	4,340	79,417
Employer contributions subsequent to the measurement date	<u>100,211</u>	<u>-</u>
Total	<u>\$ 136,275</u>	<u>\$ 120,071</u>

\$100,211 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

Year Ended June 30

2023	\$ (20,309)
2024	(20,484)
2025	(17,043)
2026	(12,589)
2027	(7,390)
Thereafter	(6,192)

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

Actuarial Assumptions

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee HIC Plan was based on an actuarial valuation as of June 30, 2020, 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, 2021.

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

Mortality Rates - Teachers

- Pre-Retirement:
 - Pub-2010 Amount Weighted Teacher Employee Rates projected generationally; 110% of rates for males
- Post-Retirement:
 - Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females
- Post-Disablement:
 - Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females
- Beneficiaries and Survivors:
 - Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally
- Mortality Improvement Scale:
 - Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The remainder of this page left blank intentionally.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2022

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

Actuarial Assumptions: (Continued)

Mortality Rates - Teachers: (Continued)

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, 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)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

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, 2021, 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	\$	1,477,874
Plan Fiduciary Net Position		194,305
Teacher Employee net HIC OPEB Liability (Asset)	\$	<u>1,283,569</u>
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability		
		13.15%

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, 2022

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

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.39%

*The above allocation provides a one-year return of 7.39%. 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. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

*On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

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, 2021, 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, 2021 on, all agencies are assumed to contribute 100% of the actuarially determined contribution rates.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2022

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

Discount Rate (Continued)

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

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

The 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	\$	1,321,112	\$ 1,173,568	\$ 1,048,710

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 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2021-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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

County and School Board

Plan Description

In addition to the pension benefits described in Note 13, 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 13, 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.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2022

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

County and School Board: (Continued)

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.

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, 2021 (measurement date), the following employees were covered by the benefit terms:

	Primary Government	Component Unit School Board
Total active employees with coverage	107	165
Total inactive employees	10	2
Total	117	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, 2022 was \$36,000 and \$35,000.

Total OPEB Liability

The County and School Board’s total OPEB liability was measured as of July 1, 2021. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2021.

Actuarial Assumptions

The total OPEB liability in the July 1, 2021 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	1.92% 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, 2022

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

County and School Board: (Continued)

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

RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2021.

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, 2021.

Changes in Total OPEB Liability

	Primary Government Total OPEB Liability	Component Unit School Board Total OPEB Liability
Balances at June 30, 2021	\$ 360,000	\$ 594,000
Changes for the year:		
Service cost	14,000	50,000
Interest	9,000	15,000
Difference between expected and actual experience	(5,000)	(162,000)
Contributions - employer	(36,000)	(35,000)
Assumption changes	33,000	53,000
Net changes	\$ 15,000	\$ (79,000)
Balances at June 30, 2022	<u>\$ 375,000</u>	<u>\$ 515,000</u>

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 (0.92%) or one percentage point higher (2.92%) than the current discount rate:

	Rate		
	1% Decrease (0.92%)	Current Discount Rate (1.92%)	1% Increase (2.92%)
Primary Government:			
Total OPEB liability	\$ 397,000	\$ 375,000	\$ 354,000
Component Unit School Board:			
Total OPEB liability	\$ 549,000	\$ 515,000	\$ 482,000

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2022

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

County and School Board: (Continued)

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

The following presents the total OPEB liability of the County and School Board, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	Rates		
	Healthcare Cost		
	1% Decrease (6.00%)	Trend (7.00%)	1% Increase (8.00%)
Primary Government:			
Total OPEB liability	\$ 351,000	\$ 375,000	\$ 402,000
Component Unit School Board:			
Total OPEB liability	\$ 463,000	\$ 515,000	\$ 574,000

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

For the year ended June 30, 2022, the County and the School Board recognized OPEB expense in the amount of \$40,000 and (\$79,000). At June 30, 2022, 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	\$ 33,000	\$ 8,000	\$ 15,000	\$ 195,000
Changes in assumptions	39,000	2,000	60,000	12,000
Employer contributions subsequent to the measurement date	36,000	-	35,000	-
Total	\$ 108,000	\$ 10,000	\$ 110,000	\$ 207,000

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2022

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

County and School Board: (Continued)

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

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

<u>Year Ended June 30</u>	<u>Primary Government</u>	<u>Component Unit School Board</u>
2023	\$ 22,000	\$ (75,000)
2024	25,000	(38,000)
2025	7,000	(19,000)
2026	5,000	-
2027	3,000	-
Thereafter	-	-

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

Note 18—Summary of Other Postemployment Benefit Plans:

	<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	\$ 80,575	\$ 129,857	\$ 293,629	\$ 4,009	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	13,700	26,822	50,646	(1,088)
School Board Professional	-	-	-	-	121,995	206,469	456,744	8,121
Health Insurance Credit Program (Note 16)	-	-	-	-	8,402	498	101,437	8,148
Teacher Health Insurance Credit Program (Note 17)	-	-	-	-	136,275	120,071	1,173,568	76,705
County Stand-Alone Plan (Note 18)	108,000	10,000	375,000	40,000	-	-	-	-
School Stand-Alone Plan (Note 18)	-	-	-	-	110,000	207,000	515,000	(79,000)
Totals	<u>\$ 188,575</u>	<u>\$ 139,857</u>	<u>\$ 668,629</u>	<u>\$ 44,009</u>	<u>\$ 390,372</u>	<u>\$ 560,860</u>	<u>\$ 2,297,395</u>	<u>\$ 12,886</u>

The remainder of this page left blank intentionally.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2022

Note 19—Surety Bonds:

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

Note 20—Jointly Governed Organizations:

District 19 Community Services Board

The District 19 Community Services Board is considered a jointly governed organization and therefore its operations are not included in the County's financial statements. The governing body of this organization is appointed by the participating jurisdictions which include the cities of Colonial Heights, Emporia, Hopewell, and Petersburg, and the Counties of Sussex, Greensville, Surry, and Dinwiddie. The governing board has the ability to execute contracts and to budget and expend funds. No one locality contributes more than 50% of the Board's funding or has oversight responsibility over its operations. Sussex County contributed \$76,235 to the District 19 Community Services Board for the fiscal year ended June 30, 2022.

Note 21—Fair Value Measurements:

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

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

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

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2022

Note 21—Fair Value Measurements: (Continued)

The County has the following recurring fair value measurements as of June 30, 2022:

Investment type	Balance June 30, 2022	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	\$ 1,971,191	\$ 1,971,191	\$ -	\$ -
	\$ 1,971,191	\$ 1,971,191	\$ -	\$ -

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

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

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

The current-year OPEB expense/expenditure for the insured benefits is defined as the amount of premiums or other payments required for the insured benefits for the reporting period in accordance with the agreement with the insurance company for LODA and a change in liability to the insurer equal to the difference between amounts recognized as OPEB expense and amounts paid by the employer to the insurer. The County's LODA coverage is fully covered or "insured" through Virginia Association of Counties Group Self Insurance Risk Pool. This is built into the LODA coverage cost presented in the annual renewals. The County's LODA premium for the year ended June 30, 2022 was \$43,494.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2022

Note 23—Lease Receivable:

The County leases land and tower space to tenants under lease contracts. In fiscal year 2022, the County recognized lease and interest revenue in the amount of \$2,033,347 and \$710,737, respectively. A description of the leases is as follows

Lease Description	Start Date	End Date	Payment Frequency	Discount Rate	Receivable Balance	Amounts Owed Within One Year
Landfill lease	July 2021	December 2036	Monthly	2.35%	\$ 270,904	\$ 27,097
Celltower lease	July 2021	December 2030	Monthly	1.51%	29,249,333	1,703,030
Total					<u>\$ 29,520,237</u>	<u>\$ 1,730,127</u>

There are no variable payments for the lease receivables above.

Expected future payments at June 30, 2022 are as follows:

Year Ending June 30,	Governmental Activities		
	Principal	Interest	Total
2023	\$ 1,730,127	\$ 677,101	\$ 2,407,228
2024	1,771,706	636,167	2,407,873
2025	1,814,279	594,251	2,408,530
2026	1,857,870	551,331	2,409,201
2027	1,902,504	507,381	2,409,885
2028-2032	10,161,896	1,840,694	12,002,590
2033-2037	10,281,855	593,144	10,874,999
Total	<u>\$ 29,520,237</u>	<u>\$ 5,400,069</u>	<u>\$ 34,920,306</u>

The remainder of this page left blank intentionally.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2022

Note 24—Adoption of Accounting Principles:

The County implemented provisions of Governmental Accounting Standards Board Statement Nos. 87, *Leases* and 92, *Omnibus 2020* during the fiscal year ended June 30, 2022. 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. Statement No. 92, *Omnibus 2020* addresses a variety of topics, including leases. No restatement of beginning net position was required as a result of this implementation. Using the facts and circumstances that existed at the beginning of the year of implementation, the following balances were recognized as of July 1, 2021 related to the leases:

	Primary Government	Component Unit
Primary Government:		
	Governmental Activities	School Board
Lessee activity:		
Lease assets	\$ 206,486	\$ 48,225
Lease liabilities	\$ 206,486	\$ 71,715
Lessor activity:		
Leases receivable	\$ 31,329,084	\$ -
Deferred inflows of resources - leases	\$ 31,329,084	\$ -

Note 25—Upcoming Pronouncements:

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. 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 fiscal years 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 fiscal years beginning after June 15, 2022.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2022

Note 25—Upcoming Pronouncements: (Continued)

Statement No. 99, *Omnibus 2022*, enhances the comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The effective dates differ based on the requirements of the Statement, ranging from April 2022 to reporting periods beginning after June 15, 2023.

Statement No. 100, *Accounting Changes and Error Corrections* - an amendment of GASB Statement No. 62, enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for reporting periods beginning after June 15, 2023.

Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences. It aligns the recognition and measurement guidance under a unified model and amends certain previously required disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023.

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 2022 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 2023.

ARPA Funding

On March 11, 2022, the American Rescue Plan (ARPA) Act of 2022 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 2022 and the balance delivered approximately 12 months later.

On June 30, 2021 and June 27, 2022, the County received its share of the first and second halves, respectively, 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 \$1,154,326 from the initial allocation are reported as unearned revenue as of June 30.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2022

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

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, 2021 and added \$81.9 billion to the ESF. In March 2022, 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.

Note 27—Advanced Refunding:

On October 23, 2021, the County issued \$3,225,000 in VPSA Refunding Bonds, Series 2021 Fall Pool with an interest rate of 5.00%. Combined with a \$400,00 equity contribution, the proceeds were used to refund \$3,895,962 of outstanding Literary fund loans which had a 3.00% interest rate. The net proceeds of \$3,895,962 (after payment of \$143,616 in issuance costs) were used to call the Series 2005 and 2008 bonds. As a result, the refunded portion of the 2005 and 2008 Series bonds have been removed from the statement of net position of the governmental activities.

The County refunded the Series 2005 and 2008 bonds to obtain an economic gain difference between the present values of the debt service payments on the old and new debt) of \$200,914.

County of Sussex, Virginia
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final	Amounts	
REVENUES				
General property taxes	\$ 9,677,966	\$ 9,677,966	\$ 9,868,014	\$ 190,048
Other local taxes	1,315,144	1,315,144	1,589,554	274,410
Permits, privilege fees, and regulatory licenses	65,400	65,400	86,301	20,901
Fines and forfeitures	940,000	940,000	783,292	(156,708)
Revenue from the use of money and property	82,000	82,000	54,347	(27,653)
Charges for services	5,393,015	5,393,080	6,170,515	777,435
Miscellaneous	55,400	79,090	243,877	164,787
Recovered costs	999,826	1,005,059	805,446	(199,613)
Intergovernmental:				
Commonwealth	5,047,036	5,147,830	5,019,601	(128,229)
Federal	1,394,284	1,477,761	2,656,278	1,178,517
Total revenues	<u>\$ 24,970,071</u>	<u>\$ 25,183,330</u>	<u>\$ 27,277,225</u>	<u>\$ 2,093,895</u>
EXPENDITURES				
Current:				
General government administration	\$ 2,205,309	\$ 2,690,775	\$ 2,382,435	\$ 308,340
Judicial administration	1,450,198	1,387,492	1,273,999	113,493
Public safety	9,427,614	11,185,784	10,348,295	837,489
Public works	815,042	1,040,364	911,059	129,305
Health and welfare	3,455,403	3,459,005	2,891,402	567,603
Education	7,753,652	7,753,652	8,139,283	(385,631)
Parks, recreation, and cultural	260,151	260,151	263,511	(3,360)
Community development	574,115	2,047,608	1,223,071	824,537
Debt service:				
Principal retirement	1,331,465	1,627,664	1,307,344	320,320
Interest and other fiscal charges	346,848	346,848	346,848	-
Total expenditures	<u>\$ 27,619,797</u>	<u>\$ 31,799,343</u>	<u>\$ 29,087,247</u>	<u>\$ 2,712,096</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (2,649,726)</u>	<u>\$ (6,616,013)</u>	<u>\$ (1,810,022)</u>	<u>\$ 4,805,991</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 797,046	\$ 687,842	\$ (109,204)
Issuance of refunding general obligation bonds	3,225,000	3,225,000	3,225,000	-
Refunding general obligation bond premium	414,578	414,578	414,578	-
Issuance of equipment loan	2,412,673	2,412,673	2,412,673	-
Refunding general obligation bonds equity contribution	400,000	400,000	400,000	-
Payment to refunding bond agent	(3,895,962)	(3,895,962)	(3,895,962)	-
Total other financing sources (uses)	<u>\$ 2,556,289</u>	<u>\$ 3,353,335</u>	<u>\$ 3,244,131</u>	<u>\$ (109,204)</u>
Net change in fund balances	\$ (93,437)	\$ (3,262,678)	\$ 1,434,109	\$ 4,696,787
Fund balances - beginning	93,437	3,262,678	9,114,012	5,851,334
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,548,121</u>	<u>\$ 10,548,121</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, 2021

	2021	2020
Total pension liability		
Service cost	\$ 687,822	\$ 718,848
Interest	1,807,557	1,677,407
Changes of assumptions	588,721	-
Differences between expected and actual experience	(1,272,838)	767,994
Benefit payments	(1,258,032)	(1,214,175)
Net change in total pension liability	\$ 553,230	\$ 1,950,074
Total pension liability - beginning	27,407,633	25,457,559
Total pension liability - ending (a)	\$ 27,960,863	\$ 27,407,633
Plan fiduciary net position		
Contributions - employer	\$ 385,736	\$ 334,963
Contributions - employee	247,548	251,940
Net investment income	7,498,706	525,514
Benefit payments	(1,258,032)	(1,214,175)
Administror charges	(18,770)	(18,116)
Other	705	(620)
Net change in plan fiduciary net position	\$ 6,855,893	\$ (120,494)
Plan fiduciary net position - beginning	27,518,647	27,639,141
Plan fiduciary net position - ending (b)	\$ 34,374,540	\$ 27,518,647
County's net pension liability (asset) - ending (a) - (b)	\$ (6,413,677)	\$ (111,014)
Plan fiduciary net position as a percentage of the total pension liability	122.94%	100.41%
Covered payroll	\$ 5,193,157	\$ 5,192,869
County's net pension liability (asset) as a percentage of covered payroll	-123.50%	-2.14%

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

2019	2018	2017	2016	2015	2014
\$ 637,710	\$ 645,675	\$ 684,571	\$ 627,879	\$ 645,288	\$ 590,927
1,648,032	1,688,267	1,659,491	1,596,021	1,491,519	1,406,176
683,845	-	(445,825)	-	-	-
(422,526)	(1,726,334)	(526,277)	(508,419)	174,511	-
(1,265,631)	(1,099,149)	(822,598)	(794,935)	(841,948)	(713,892)
\$ 1,281,430	\$ (491,541)	\$ 549,362	\$ 920,546	\$ 1,469,370	\$ 1,283,211
24,176,129	24,667,670	24,118,308	23,197,762	21,728,392	20,445,181
\$ 25,457,559	\$ 24,176,129	\$ 24,667,670	\$ 24,118,308	\$ 23,197,762	\$ 21,728,392
\$ 329,829	\$ 428,550	\$ 421,878	\$ 534,939	\$ 507,532	\$ 575,363
260,578	292,116	236,561	254,475	236,929	246,243
1,756,137	1,856,069	2,756,617	393,097	983,229	2,902,874
(1,265,631)	(1,099,149)	(822,598)	(794,935)	(841,948)	(713,892)
(17,758)	(16,060)	(15,789)	(13,696)	(13,354)	(15,408)
(1,103)	(1,650)	(2,455)	(165)	(206)	153
\$ 1,062,052	\$ 1,459,876	\$ 2,574,214	\$ 373,715	\$ 872,182	\$ 2,995,333
26,577,089	25,117,213	22,542,999	22,169,284	21,297,102	18,301,769
\$ 27,639,141	\$ 26,577,089	\$ 25,117,213	\$ 22,542,999	\$ 22,169,284	\$ 21,297,102
\$ (2,181,582)	\$ (2,400,960)	\$ (449,543)	\$ 1,575,309	\$ 1,028,478	\$ 431,290
108.57%	109.93%	101.82%	93.47%	95.57%	98.02%
\$ 5,041,344	\$ 4,873,615	\$ 4,806,381	\$ 5,036,650	\$ 4,764,080	\$ 4,832,947
-43.27%	-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, 2021

	2021	2020
Total pension liability		
Service cost	\$ 85,276	\$ 90,209
Interest	248,651	245,894
Changes of assumptions	125,487	-
Differences between expected and actual experience	12,207	(111,694)
Benefit payments	(190,553)	(176,564)
Net change in total pension liability	\$ 281,068	\$ 47,845
Total pension liability - beginning	3,779,002	3,731,157
Total pension liability - ending (a)	\$ 4,060,070	\$ 3,779,002
 Plan fiduciary net position		
Contributions - employer	\$ 21,837	\$ 25,663
Contributions - employee	42,196	43,573
Net investment income	1,074,222	75,957
Benefit payments	(190,553)	(176,564)
Administrator charges	(2,724)	(2,628)
Other	101	(89)
Net change in plan fiduciary net position	\$ 945,079	\$ (34,088)
Plan fiduciary net position - beginning	3,961,927	3,996,015
Plan fiduciary net position - ending (b)	\$ 4,907,006	\$ 3,961,927
 School Division's net pension liability (asset) - ending (a) - (b)	\$ (846,936)	\$ (182,925)
 Plan fiduciary net position as a percentage of the total pension liability	120.86%	104.84%
 Covered payroll	\$ 898,431	\$ 923,134
 School Division's net pension liability (asset) as a percentage of covered payroll	-94.27%	-19.82%

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

2019	2018	2017	2016	2015	2014
\$ 84,187	\$ 79,263	\$ 97,336	\$ 107,869	\$ 123,372	\$ 128,063
236,713	227,102	230,820	225,719	216,841	202,821
95,125	-	(53,745)	-	-	-
17,929	(1,973)	(159,599)	(59,657)	(32,090)	-
(168,823)	(165,357)	(170,493)	(231,619)	(130,986)	(130,207)
\$ 265,131	\$ 139,035	\$ (55,681)	\$ 42,312	\$ 177,137	\$ 200,677
3,466,026	3,326,991	3,382,672	3,340,360	3,163,223	2,962,546
\$ 3,731,157	\$ 3,466,026	\$ 3,326,991	\$ 3,382,672	\$ 3,340,360	\$ 3,163,223
\$ 26,101	\$ 42,138	\$ 41,054	\$ 75,486	\$ 80,878	\$ 100,515
43,048	43,896	42,611	47,846	51,355	53,467
253,843	269,090	402,899	56,606	149,384	441,674
(168,823)	(165,357)	(170,493)	(231,619)	(130,986)	(130,207)
(2,558)	(2,343)	(2,361)	(2,147)	(2,015)	(2,339)
(160)	(239)	(357)	(25)	(33)	23
\$ 151,451	\$ 187,185	\$ 313,353	\$ (53,853)	\$ 148,583	\$ 463,133
3,844,564	3,657,379	3,344,026	3,397,879	3,249,296	2,786,163
\$ 3,996,015	\$ 3,844,564	\$ 3,657,379	\$ 3,344,026	\$ 3,397,879	\$ 3,249,296
\$ (264,858)	\$ (378,538)	\$ (330,388)	\$ 38,646	\$ (57,519)	\$ (86,073)
107.10%	110.92%	109.93%	98.86%	101.72%	102.72%
\$ 899,274	\$ 910,707	\$ 867,985	\$ 969,777	\$ 1,020,209	\$ 1,078,493
-29.45%	-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, 2021

	2021	2020
Employer's Proportion of the Net Pension Liability (Asset)	0.09232%	0.09520%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 7,166,892	\$ 13,854,100
Employer's Covered Payroll	8,086,073	8,274,107
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	88.63%	167.44%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	85.46%	71.47%

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

	2019	2018	2017	2016	2015	2014
	0.09581%	0.09814%	0.09744%	0.10150%	0.09911%	0.10465%
\$	12,609,141	\$ 11,541,000	\$ 11,983,000	\$ 14,224,000	\$ 12,474,000	\$ 12,646,000
	7,959,969	7,934,247	7,652,585	8,594,033	7,368,917	7,650,889
	158.41%	145.46%	156.59%	165.51%	169.28%	165.29%
	73.51%	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, 2013 through June 30, 2022

Exhibit 13

Date	Contractually Required Contribution*	Contributions in Relation to Contractually Required Contribution*	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
(1)	(2)	(3)	(4)	(5)	
Primary Government					
2022	\$ 407,131	\$ 407,131	\$ -	\$ 5,459,076	7.46%
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%
Component Unit School Board (nonprofessional)					
2022	\$ 22,391	\$ 22,391	\$ -	\$ 947,946	2.36%
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%
Component Unit School Board (professional)					
2022	\$ 1,333,885	\$ 1,333,885	\$ -	\$ 8,281,905	16.11%
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%

*Excludes contributions (mandatory and match on voluntary) to the defined contribution portion of the Hybrid plan.

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, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, 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)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Component Unit School Board - Professional Employees:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

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 2021

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:					
2021	0.02517% \$	293,629 \$	5,206,210	5.64%	67.45%
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):					
2021	0.00437% \$	50,646 \$	898,431	5.64%	67.45%
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):					
2021	0.03807% \$	456,744 \$	8,099,113	5.64%	67.45%
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, 2013 through June 30, 2022

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:					
2022	\$ 29,563	\$ 29,563	\$ -	\$ 5,474,618	0.54%
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%
Component Unit School Board (nonprofessional):					
2022	\$ 5,132	\$ 5,132	\$ -	\$ 950,399	0.54%
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%
Component Unit School Board (professional):					
2022	\$ 44,722	\$ 44,722	\$ -	\$ 8,281,905	0.54%
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%

Notes to Required Supplementary Information
Group Life Insurance (GLI) Plan
For the Year Ended June 30, 2022

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, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Teachers

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Non-Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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 and June 30, 2021

	<u>2021</u>	<u>2020</u>
Total HIC OPEB Liability		
Service cost	\$ 1,266	\$ -
Interest	6,599	-
Changes in benefit terms	-	97,756
Changes of assumptions	2,634	-
Net change in total HIC OPEB liability	\$ 10,499	\$ 97,756
Total HIC OPEB Liability - beginning	97,756	-
Total HIC OPEB Liability - ending (a)	<u>\$ 108,255</u>	<u>\$ 97,756</u>
 Plan fiduciary net position		
Contributions - employer	\$ 6,020	\$ -
Net investment income	825	-
Administrator charges	(27)	-
Net change in plan fiduciary net position	\$ 6,818	\$ -
Plan fiduciary net position - beginning	-	-
Plan fiduciary net position - ending (b)	<u>\$ 6,818</u>	<u>\$ -</u>
 School Board's net HIC OPEB liability - ending (a) - (b)	 \$ 101,437	 \$ 97,756
 Plan fiduciary net position as a percentage of the total HIC OPEB liability	 6.30%	 0.00%
 Covered payroll	 \$ 898,431	 \$ -
 School Board's net HIC OPEB liability as a percentage of covered payroll	 12.05%	 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 Years Ended June 30, 2021 and June 30, 2022

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)		
2022	\$ 6,351	\$ 6,351	\$ -	\$ 947,946		0.67%
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, 2022

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, 2020, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, 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)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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 2021

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)
2021	0.09143% \$	1,173,568 \$	8,086,073	14.51%	13.15%
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, 2013 through June 30, 2022

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)
2022	\$ 100,211	\$ 100,211	\$ -	\$ 8,281,905	1.21%
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%

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, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, 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)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

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

Primary Government

For the Years Ended June 30, 2018 through June 30, 2022

	2022	2021	2020	2019	2018
Total OPEB liability					
Service cost	\$ 14,000	\$ 12,000	\$ 13,000	\$ 13,000	\$ 17,000
Interest	9,000	11,000	10,000	9,000	9,000
Differences between expected and actual experience	(5,000)	8,000	69,000	14,000	(69,000)
Contributions - employer	(36,000)	(28,000)	(28,000)	(13,000)	(13,000)
Assumption changes	33,000	14,000	10,000	(2,000)	(12,000)
Net change in total OPEB liability	\$ 15,000	\$ 17,000	\$ 74,000	\$ 21,000	\$ (68,000)
Total OPEB liability - beginning	360,000	343,000	269,000	248,000	316,000
Total OPEB liability - ending	\$ 375,000	\$ 360,000	\$ 343,000	\$ 269,000	\$ 248,000
 Covered-employee payroll	 \$ 5,680,000	 \$ 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	 6.60%	 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, 2022

	2022	2021	2020	2019	2018
Total OPEB liability					
Service cost	\$ 50,000	\$ 44,000	\$ 44,000	\$ 48,000	\$ 62,000
Interest	15,000	17,000	25,000	24,000	32,000
Differences between expected and actual experience	(162,000)	14,000	(184,000)	59,000	(419,000)
Contributions - employer	(35,000)	(43,000)	(43,000)	(36,000)	(18,000)
Assumption changes	53,000	28,000	17,000	(74,000)	(37,000)
Net change in total OPEB liability	\$ (79,000)	\$ 60,000	\$ (141,000)	\$ 21,000	\$ (380,000)
Total OPEB liability - beginning	594,000	534,000	675,000	654,000	1,034,000
Total OPEB liability - ending	\$ 515,000	\$ 594,000	\$ 534,000	\$ 675,000	\$ 654,000
 Covered-employee payroll	 \$ 7,819,000	 \$ 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	 6.59%	 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, 2022

Exhibit 26

Valuation Date: 7/1/2021
Measurement Date: 7/1/2021

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	1.92% based on the Municipal GO AA 20-year yield curve rate as of measurement date
Inflation	Not available
Healthcare Trend Rate	7.00% for fiscal year end 2022, decreasing 0.25% 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-2021

Notes to Required Supplementary Information - Component Unit School Board OPEB
For the Year Ended June 30, 2022

Valuation Date: 7/1/2021
Measurement Date: 7/1/2021

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	1.92% based on the Municipal GO AA 20-year yield curve rate as of measurement date
Inflation	Not available
Healthcare Trend Rate	7.00% for fiscal year end 2022, decreasing 0.25% 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-2021

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, 2022

	<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	\$ -	\$ -	\$ 55,988	\$ 55,988
Total revenues	\$ -	\$ -	\$ 55,988	\$ 55,988
EXPENDITURES				
Current:				
Education	\$ -	\$ 27,000	\$ -	\$ 27,000
Capital projects	-	591,259	-	591,259
Debt service:				
Principal retirement	-	64,645	64,645	-
Interest and other fiscal charges	-	3,749	3,749	-
Total expenditures	\$ -	\$ 686,653	\$ 68,394	\$ 618,259
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (686,653)	\$ (12,406)	\$ 674,247
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ -	\$ (797,046)	\$ (687,842)	\$ 109,204
Net change in fund balances	\$ -	\$ (1,483,699)	\$ (700,248)	\$ 783,451
Fund balances - beginning	-	1,483,699	8,012,867	6,529,168
Fund balances - ending	\$ -	\$ -	\$ 7,312,619	\$ 7,312,619

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, 2022

	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	\$ 32	\$ 63	\$ 31	
Charges for services	750	750	1,162	412	
Total revenues	<u>\$ 766</u>	<u>\$ 782</u>	<u>\$ 1,225</u>	<u>\$ 443</u>	
EXPENDITURES					
Current:					
Judicial administration	\$ 766	\$ 766	\$ -	\$ 766	
Public safety	-	11,083	2,970	8,113	
Total expenditures	<u>\$ 766</u>	<u>\$ 11,849</u>	<u>\$ 2,970</u>	<u>\$ 8,879</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (11,067)</u>	<u>\$ (1,745)</u>	<u>\$ 9,322</u>	
Net change in fund balances	\$ -	\$ (11,067)	\$ (1,745)	\$ 9,322	
Fund balances - beginning	-	11,067	42,877	31,810	
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41,132</u>	<u>\$ 41,132</u>	

County of Sussex, Virginia
Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2022

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	\$	20,569	\$ 3,577	\$ 1,925	\$ 26,076	\$ 30,690	\$ 35,367	\$ 118,204
Receivables:								
Accounts receivable		58	-	-	-	-	-	58
Total assets	\$	20,627	\$ 3,577	\$ 1,925	\$ 26,076	\$ 30,690	\$ 35,367	\$ 118,262
NET POSITION								
Restricted for:								
Individuals	\$	20,627	\$ 3,577	\$ 1,925	\$ -	\$ -	\$ -	\$ 26,129
Scholarships		-	-	-	26,076	30,690	35,367	92,133
Total net position	\$	20,627	\$ 3,577	\$ 1,925	\$ 26,076	\$ 30,690	\$ 35,367	\$ 118,262

County of Sussex, Virginia
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2022

	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	\$ 33,143	\$ 6,637	\$ 32,134	\$ -	\$ -	\$ 1,000	\$ 72,914
Investment earnings:							
Interest	37	-	-	631	747	762	2,177
Total additions	<u>\$ 33,180</u>	<u>\$ 6,637</u>	<u>\$ 32,134</u>	<u>\$ 631</u>	<u>\$ 747</u>	<u>\$ 1,762</u>	<u>\$ 75,091</u>
DEDUCTIONS							
Scholarships	\$ -	\$ -	\$ -	\$ 800	\$ 1,500	\$ 1,000	\$ 3,300
Bank charges	-	-	72	-	-	-	72
Recipient payments	22,157	7,485	48,096	-	-	-	77,738
Total deductions	<u>\$ 22,157</u>	<u>\$ 7,485</u>	<u>\$ 48,168</u>	<u>\$ 800</u>	<u>\$ 1,500</u>	<u>\$ 1,000</u>	<u>\$ 81,110</u>
Net increase (decrease) in fiduciary net position	\$ 11,023	\$ (848)	\$ (16,034)	\$ (169)	\$ (753)	\$ 762	\$ (6,019)
Net position - beginning	9,604	4,425	17,959	26,245	31,443	34,605	124,281
Net position - ending	<u>\$ 20,627</u>	<u>\$ 3,577</u>	<u>\$ 1,925</u>	<u>\$ 26,076</u>	<u>\$ 30,690</u>	<u>\$ 35,367</u>	<u>\$ 118,262</u>

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

County of Sussex, Virginia
Combining Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2022

	School Operating Fund	School Special Revenue Fund	School Activity Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 428,190	\$ 498,930	\$ 44,763	\$ 971,883
Due from other governmental units	2,204,867	51,421	-	2,256,288
Total assets	<u>\$ 2,633,057</u>	<u>\$ 550,351</u>	<u>\$ 44,763</u>	<u>\$ 3,228,171</u>
LIABILITIES				
Accounts payable	418,840	24,338	\$ -	\$ 443,178
Accrued liabilities	1,325,986	52,662	-	1,378,648
Unearned revenue	191,932	-	-	191,932
Due to other governmental units	696,299	-	-	696,299
Total liabilities	<u>\$ 2,633,057</u>	<u>\$ 77,000</u>	<u>\$ -</u>	<u>\$ 2,710,057</u>
FUND BALANCES				
Committed:				
School cafeteria fund	\$ -	\$ 316,648	\$ -	\$ 316,648
School textbook fund	-	156,703	-	156,703
School activity funds	-	-	44,763	44,763
Total fund balances	<u>\$ -</u>	<u>\$ 473,351</u>	<u>\$ 44,763</u>	<u>\$ 518,114</u>
Total liabilities and fund balances	<u>\$ 2,633,057</u>	<u>\$ 550,351</u>	<u>\$ 44,763</u>	<u>\$ 3,228,171</u>

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

Total fund balances per above \$ 518,114

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	\$ 37,717,208	
Accumulated depreciation	<u>(16,927,898)</u>	20,789,310

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

Pension related items	\$ 2,716,104	
OPEB related items	<u>390,372</u>	3,106,476

The net pension asset is not an available resource and, therefore, is not reported in the funds. 846,936

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	\$ (2,297,395)	
Net pension liability	(7,166,892)	
Lease liabilities	(85,336)	
Compensated absences	<u>(341,656)</u>	(9,891,279)

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

Pension related items	\$ (6,222,301)	
OPEB related items	<u>(560,860)</u>	(6,783,161)

Net position of governmental activities \$ 8,586,396

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, 2022

	School Operating Fund	School Special Revenue Fund	School Activity Fund	Total Governmental Funds
REVENUES				
Revenue from the use of money and property	\$ 1,238	\$ 352	\$ -	\$ 1,590
Charges for services	-	36,555	-	36,555
Miscellaneous	786,448	-	131,111	917,559
Intergovernmental:				
Local government	8,136,301	-	-	8,136,301
Commonwealth	9,795,312	94,195	-	9,889,507
Federal	2,401,519	1,097,844	-	3,499,363
Total revenues	<u>\$ 21,120,818</u>	<u>\$ 1,228,946</u>	<u>\$ 131,111</u>	<u>\$ 22,480,875</u>
EXPENDITURES				
Current:				
Education	\$ 21,083,111	\$ 1,140,356	\$ 117,209	\$ 22,340,676
Debt service:				
Principal retirement	34,604	-	-	34,604
Interest and other fiscal charges	3,103	-	-	3,103
Total expenditures	<u>\$ 21,120,818</u>	<u>\$ 1,140,356</u>	<u>\$ 117,209</u>	<u>\$ 22,378,383</u>
Net change in fund balances	\$ -	\$ 88,590	\$ 13,902	\$ 102,492
Fund balances - beginning	-	384,761	30,861	415,622
Fund balances - ending	<u>\$ -</u>	<u>\$ 473,351</u>	<u>\$ 44,763</u>	<u>\$ 518,114</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				\$ 102,492
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. The following is a summary of items supporting this adjustment:				
Jointly owned asset allocation			\$ 957,926	
Capital outlays			545,288	
Depreciation expense			<u>(1,135,539)</u>	367,675
Special contributions received from the Commonwealth for the teacher cost sharing pool are not reported in the governmental funds				56,633
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.				
Principal retired on lease liabilities				34,604
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			\$ (102,259)	
Pension expense			1,538,766	
OPEB expense			<u>173,811</u>	1,610,318
Change in net position of governmental activities				<u>\$ 2,171,722</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, 2022

	School Operating Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 1,000	\$ 1,000	\$ 1,238	\$ 238
Miscellaneous	214,749	225,465	786,448	560,983
Intergovernmental:				
Local government	7,749,170	7,776,170	8,136,301	360,131
Commonwealth	10,222,463	10,222,463	9,795,312	(427,151)
Federal	1,885,010	2,735,010	2,401,519	(333,491)
Total revenues	\$ 20,072,392	\$ 20,960,108	\$ 21,120,818	\$ 160,710
EXPENDITURES				
Current:				
Education	\$ 20,034,685	\$ 20,922,401	\$ 21,083,111	\$ (160,710)
Debt service:				
Principal retirement	34,604	34,604	34,604	-
Interest and other fiscal charges	3,103	3,103	3,103	-
Total expenditures	\$ 20,072,392	\$ 20,960,108	\$ 21,120,818	\$ (160,710)
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

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, 2022

	School Special Revenue Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 352	\$ 352
Charges for services	77,600	77,600	36,555	(41,045)
Miscellaneous	69,216	69,216	-	(69,216)
Intergovernmental:				
Commonwealth	78,309	78,309	94,195	15,886
Federal	722,000	797,878	1,097,844	299,966
Total revenues	<u>\$ 947,125</u>	<u>\$ 1,023,003</u>	<u>\$ 1,228,946</u>	<u>\$ 205,943</u>
EXPENDITURES				
Current:				
Education	\$ 947,125	\$ 1,023,003	\$ 1,140,356	\$ (117,353)
Total expenditures	<u>\$ 947,125</u>	<u>\$ 1,023,003</u>	<u>\$ 1,140,356</u>	<u>\$ (117,353)</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 88,590	\$ 88,590
Net change in fund balances	\$ -	\$ -	\$ 88,590	\$ 88,590
Fund balances - beginning	-	-	384,761	384,761
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 473,351</u>	<u>\$ 473,351</u>

County of Sussex, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

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	\$ 5,111,093	\$ 5,111,093	\$ 5,099,596	\$ (11,497)
Real and personal public service corporation taxes	753,613	753,613	728,273	(25,340)
Personal property taxes	2,657,398	2,657,398	3,095,476	438,078
Mobile home taxes	19,102	19,102	15,141	(3,961)
Machinery and tools taxes	804,883	804,883	602,106	(202,777)
Merchants capital taxes	133,677	133,677	132,695	(982)
Penalties	105,000	105,000	104,223	(777)
Interest	93,200	93,200	90,504	(2,696)
Total general property taxes	<u>\$ 9,677,966</u>	<u>\$ 9,677,966</u>	<u>\$ 9,868,014</u>	<u>\$ 190,048</u>
Other local taxes:				
Local sales and use taxes	\$ 902,062	\$ 902,062	\$ 1,093,961	\$ 191,899
Consumers' utility taxes	88,000	88,000	93,930	5,930
Consumption tax	32,000	32,000	37,993	5,993
Business license taxes	30,050	30,050	42,679	12,629
Motor vehicle licenses	223,032	223,032	224,558	1,526
Transient occupancy taxes	40,000	40,000	96,433	56,433
Total other local taxes	<u>\$ 1,315,144</u>	<u>\$ 1,315,144</u>	<u>\$ 1,589,554</u>	<u>\$ 274,410</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 5,000	\$ 5,000	\$ 5,628	\$ 628
Transfer fees	400	400	497	97
Permits and other licenses	60,000	60,000	80,176	20,176
Total permits, privilege fees, and regulatory licenses	<u>\$ 65,400</u>	<u>\$ 65,400</u>	<u>\$ 86,301</u>	<u>\$ 20,901</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 940,000	\$ 940,000	\$ 783,292	\$ (156,708)
Total fines and forfeitures	<u>\$ 940,000</u>	<u>\$ 940,000</u>	<u>\$ 783,292</u>	<u>\$ (156,708)</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 25,000	\$ 25,000	\$ 32,477	\$ 7,477
Revenue from use of property	57,000	57,000	21,870	(35,130)
Total revenue from use of money and property	<u>\$ 82,000</u>	<u>\$ 82,000</u>	<u>\$ 54,347</u>	<u>\$ (27,653)</u>
Charges for services:				
Sheriff fees	\$ 665	\$ 730	\$ 795	\$ 65
Charges for court costs	2,150	2,150	1,564	(586)
Charges for Commonwealth's Attorney	1,800	1,800	1,613	(187)
Courthouse security fees	121,200	121,200	85,424	(35,776)
Charges for courthouse maintenance fees	23,000	23,000	16,565	(6,435)
Charges for correction and detention	4,000	4,000	2,775	(1,225)
Charges for other protection	5,000	5,000	10,143	5,143
Charges for sanitation and waste removal:				
Tipping fees	5,226,000	5,226,000	3,289,991	(1,936,009)
Landfill lease payments	-	-	2,744,084	2,744,084

County of Sussex, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

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	\$ 9,200	\$ 9,200	\$ 17,561	\$ 8,361
Total charges for services	\$ 5,393,015	\$ 5,393,080	\$ 6,170,515	\$ 777,435
Miscellaneous:				
Miscellaneous	\$ 55,400	\$ 79,090	\$ 243,877	\$ 164,787
Recovered costs:				
Wakefield sheriff patrol	\$ 60,000	\$ 60,000	\$ 66,432	\$ 6,432
Jurors	3,000	4,023	25,995	21,972
Jail clean up	8,000	8,000	5,171	(2,829)
Clerk of the circuit court	2,000	2,000	2,131	131
Radio maintenance	151,500	151,500	126,665	(24,835)
Waverly rescue	150,000	150,000	117,415	(32,585)
Waverly sheriff patrol	572,090	576,300	451,957	(124,343)
Other recovered costs	53,236	53,236	9,680	(43,556)
Total recovered costs	\$ 999,826	\$ 1,005,059	\$ 805,446	\$ (199,613)
Total revenue from local sources	\$ 18,528,751	\$ 18,557,739	\$ 19,601,346	\$ 1,043,607
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Rolling stock tax	\$ 80,000	\$ 80,000	\$ 78,781	\$ (1,219)
Mobile home titling tax	14,000	14,000	17,619	3,619
Taxes on deeds	70,000	70,000	151,600	81,600
Motor vehicle rental tax	100	100	252	152
Payment in lieu of taxes-prison	45,500	45,500	28,500	(17,000)
Personal property tax relief funds	1,093,152	1,093,152	1,093,152	-
Communication taxes	150,000	150,000	125,253	(24,747)
Total noncategorical aid	\$ 1,452,752	\$ 1,452,752	\$ 1,495,157	\$ 42,405
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 240,021	\$ 240,703	\$ 261,999	\$ 21,296
Sheriff	1,374,158	1,374,158	1,510,651	136,493
Commissioner of revenue	98,147	98,147	87,580	(10,567)
Treasurer	100,663	100,663	95,171	(5,492)
Registrar/electoral board	40,780	40,998	63,632	22,634
Clerk of circuit court	213,899	213,899	246,164	32,265
Local jails	102,000	102,000	68,460	(33,540)
Total shared expenses	\$ 2,169,668	\$ 2,170,568	\$ 2,333,657	\$ 163,089

County of Sussex, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

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	\$ 631,846	\$ 631,846	\$ 524,596	\$ (107,250)
Fire programs fund	30,000	30,000	35,671	5,671
Comprehensive services act	563,362	563,362	461,251	(102,111)
Emergency medical services	9,900	9,900	-	(9,900)
Wireless funds	57,000	57,000	70,552	13,552
Victim-witness grant	45,898	45,898	20,228	(25,670)
Animal friendly plates	210	210	125	(85)
Timber sale	25,000	25,000	2,500	(22,500)
PSAP grant	-	387	1,190	803
School resource officer	59,900	59,900	17,306	(42,594)
Other state grants	1,500	101,007	57,368	(43,639)
Total other categorical aid	<u>\$ 1,424,616</u>	<u>\$ 1,524,510</u>	<u>\$ 1,190,787</u>	<u>\$ (333,723)</u>
Total categorical aid	<u>\$ 3,594,284</u>	<u>\$ 3,695,078</u>	<u>\$ 3,524,444</u>	<u>\$ (170,634)</u>
Total revenue from the Commonwealth	<u>\$ 5,047,036</u>	<u>\$ 5,147,830</u>	<u>\$ 5,019,601</u>	<u>\$ (128,229)</u>
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 1,318,482	\$ 1,318,482	\$ 1,094,683	\$ (223,799)
Victim-witness grant	59,102	59,102	72,942	13,840
Highway safety grant	16,700	16,700	-	(16,700)
Emergency management grant	-	-	7,500	7,500
CARES funding	-	-	96,598	96,598
American Rescue Plan Act	-	83,477	1,135,656	1,052,179
DHCD grant	-	-	248,899	248,899
Total categorical aid	<u>\$ 1,394,284</u>	<u>\$ 1,477,761</u>	<u>\$ 2,656,278</u>	<u>\$ 1,178,517</u>
Total revenue from the federal government	<u>\$ 1,394,284</u>	<u>\$ 1,477,761</u>	<u>\$ 2,656,278</u>	<u>\$ 1,178,517</u>
Total General Fund	<u>\$ 24,970,071</u>	<u>\$ 25,183,330</u>	<u>\$ 27,277,225</u>	<u>\$ 2,093,895</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	\$ 32	\$ 63	\$ 31
Total revenue from use of money and property	<u>\$ 16</u>	<u>\$ 32</u>	<u>\$ 63</u>	<u>\$ 31</u>
Charges for services:				
Law library fees	\$ 750	\$ 750	\$ 1,162	\$ 412
Total charges for services	<u>\$ 750</u>	<u>\$ 750</u>	<u>\$ 1,162</u>	<u>\$ 412</u>
Total revenue from local sources	<u>\$ 766</u>	<u>\$ 782</u>	<u>\$ 1,225</u>	<u>\$ 443</u>
Total County Special Revenue Fund	<u>\$ 766</u>	<u>\$ 782</u>	<u>\$ 1,225</u>	<u>\$ 443</u>

County of Sussex, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

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>
Capital Projects Fund:				
County Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 55,988	\$ 55,988
Total revenue from local sources	\$ -	\$ -	\$ 55,988	\$ 55,988
 Total County Capital Projects Fund	 \$ -	 \$ -	 \$ 55,988	 \$ 55,988
 Total Primary Government	 \$ 24,970,837	 \$ 25,184,112	 \$ 27,334,438	 \$ 2,150,326
 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	\$ 1,238	\$ 238
Total revenue from use of money and property	\$ 1,000	\$ 1,000	\$ 1,238	\$ 238
 Miscellaneous:				
Miscellaneous	\$ 214,749	\$ 225,465	\$ 786,448	\$ 560,983
Total miscellaneous	\$ 214,749	\$ 225,465	\$ 786,448	\$ 560,983
 Total revenue from local sources	 \$ 215,749	 \$ 226,465	 \$ 787,686	 \$ 561,221
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Sussex	\$ 7,749,170	\$ 7,776,170	\$ 8,136,301	\$ 360,131
Total revenues from local governments	\$ 7,749,170	\$ 7,776,170	\$ 8,136,301	\$ 360,131
 Share of state sales tax	 \$ 1,463,934	 \$ 1,463,934	 \$ 1,826,031	 \$ 362,097
Basic school aid	4,036,396	4,036,396	3,595,073	(441,323)
Remedial summer education	117,756	117,756	74,839	(42,917)
Regular foster care	-	-	8,136	8,136
Gifted and talented	34,665	34,665	32,822	(1,843)
Remedial education	223,032	223,032	211,177	(11,855)
Special education	489,886	489,886	463,847	(26,039)
Vocational education	173,978	173,978	164,731	(9,247)
School fringes	780,286	780,286	738,811	(41,475)
Mentor teacher program	1,126	1,126	-	(1,126)
Early reading intervention	32,390	32,390	57,840	25,450
English as a second language	10,274	10,274	10,274	-

County of Sussex, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

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)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Special education - foster children	-	-	60,535	60,535
At risk payments	956,284	956,284	904,898	(51,386)
Standards of Learning algebra readiness	28,045	28,045	28,035	(10)
Primary class size	396,216	396,216	349,178	(47,038)
Educational technology	128,000	128,000	128,000	-
Homebound	4,166	4,166	3,469	(697)
Supplemental per pupil allocation	-	-	251,681	251,681
VPI	293,931	293,931	35,326	(258,605)
Other state funds	1,052,098	1,052,098	850,609	(201,489)
Total revenue from the commonwealth	\$ 10,222,463	\$ 10,222,463	\$ 9,795,312	\$ (427,151)
 Total revenue from the Commonwealth	 10,222,463	 10,222,463	 9,795,312	 (427,151)
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 560,727	\$ 560,727	\$ 560,103	\$ (624)
Title VI-B, special education flow-through	309,125	309,125	225,389	(83,736)
Vocational education	35,594	35,594	52,887	17,293
Title VI-B, special education pre-school	9,680	9,680	7,729	(1,951)
Rural education	20,599	20,599	-	(20,599)
Title II Part A	68,917	68,917	74,112	5,195
Gear up	23,728	23,728	-	(23,728)
JROTC	76,000	76,000	84,294	8,294
ESSER	741,366	1,591,366	1,045,588	(545,778)
ARP ESSER	-	-	316,146	316,146
Other federal funds	39,274	39,274	35,271	(4,003)
Total revenue from the federal government	\$ 1,885,010	\$ 2,735,010	\$ 2,401,519	\$ (333,491)
 Total School Operating Fund	 \$ 20,072,392	 \$ 20,960,108	 \$ 21,120,818	 \$ 160,710

County of Sussex, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

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	\$ -	\$ -	\$ 352	\$ 352
Total revenue from use of money and property	\$ -	\$ -	\$ 352	\$ 352
Charges for services:				
Cafeteria sales	\$ 77,600	\$ 77,600	\$ 36,555	\$ (41,045)
Total charges for services	\$ 77,600	\$ 77,600	\$ 36,555	\$ (41,045)
Miscellaneous revenue:				
Miscellaneous	\$ 69,216	\$ 69,216	\$ -	\$ (69,216)
Total miscellaneous revenue	\$ 69,216	\$ 69,216	\$ -	\$ (69,216)
Total revenue from local sources	\$ 146,816	\$ 146,816	\$ 36,907	\$ (109,909)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program	\$ 8,018	\$ 8,018	\$ 27,640	\$ 19,622
Textbook payment	70,291	70,291	66,555	(3,736)
Total categorical aid	\$ 78,309	\$ 78,309	\$ 94,195	\$ 15,886
Total revenue from the Commonwealth	\$ 78,309	\$ 78,309	\$ 94,195	\$ 15,886
Revenue from the federal government:				
Categorical aid:				
School food program	\$ 722,000	\$ 722,000	\$ 1,018,903	\$ 296,903
Pandemic EBT	-	-	3,063	3,063
Commodities	-	75,878	75,878	-
Total categorical aid	\$ 722,000	\$ 797,878	\$ 1,097,844	\$ 299,966
Total revenue from the federal government	\$ 722,000	\$ 797,878	\$ 1,097,844	\$ 299,966
Total School Special Revenue Fund	\$ 947,125	\$ 1,023,003	\$ 1,228,946	\$ 205,943
School Activity Fund:				
Revenue from local sources:				
Miscellaneous:				
Miscellaneous	\$ -	\$ -	\$ 131,111	\$ 131,111
Total School Activity Fund	\$ -	\$ -	\$ 131,111	\$ 131,111
Total Discretely Presented Component Unit - School Board	\$ 21,019,517	\$ 21,983,111	\$ 22,480,875	\$ 497,764

County of Sussex, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

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	\$ 166,733	\$ 166,733	\$ 122,800	\$ 43,933
General and financial administration:				
County administrator	\$ 758,355	\$ 1,140,807	\$ 1,044,264	\$ 96,543
Legal services	150,000	150,000	161,296	(11,296)
Commissioner of revenue	273,838	405,230	382,440	22,790
Treasurer	428,639	431,651	403,523	28,128
Central accounting	43,000	43,000	45,776	(2,776)
Other general and financial administration	154,189	90,767	10,869	79,898
Total general and financial administration	\$ 1,808,021	\$ 2,261,455	\$ 2,048,168	\$ 213,287
Board of elections:				
Electoral board and officials	\$ 230,555	\$ 262,587	\$ 211,467	\$ 51,120
Total general government administration	\$ 2,205,309	\$ 2,690,775	\$ 2,382,435	\$ 308,340
Judicial administration:				
Courts:				
Circuit court	\$ 40,285	\$ 40,285	\$ 46,312	\$ (6,027)
General district court	42,225	47,825	35,148	12,677
Special magistrates	2,700	2,700	2,166	534
Juvenile and domestic relations court	12,262	12,262	-	12,262
Sheriff	237,769	169,285	122,847	46,438
Victim witness	111,394	106,497	88,236	18,261
Clerk of the circuit court	416,544	416,544	398,448	18,096
Total courts	\$ 863,179	\$ 795,398	\$ 693,157	\$ 102,241
Commonwealth's attorney:				
Commonwealth's attorney	\$ 587,019	\$ 592,094	\$ 580,842	\$ 11,252
Total commonwealth's attorney	\$ 587,019	\$ 592,094	\$ 580,842	\$ 11,252
Total judicial administration	\$ 1,450,198	\$ 1,387,492	\$ 1,273,999	\$ 113,493
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 2,652,877	\$ 3,128,185	\$ 2,462,323	\$ 665,862
School resource officer grant	186,092	201,574	182,980	18,594
911 services	245,059	333,832	287,011	46,821
Wakefield operations	63,188	69,473	72,112	(2,639)
Total law enforcement and traffic control	\$ 3,147,216	\$ 3,733,064	\$ 3,004,426	\$ 728,638
Fire and rescue services:				
Fire department	\$ 179,000	\$ 302,599	\$ 178,155	\$ 124,444
Ambulance and rescue services	2,921,873	3,599,735	3,649,195	(49,460)
Forest fire extinction services	25,000	25,000	23,067	1,933
Emergency services	572,573	764,286	982,657	(218,371)
Total fire and rescue services	\$ 3,698,446	\$ 4,691,620	\$ 4,833,074	\$ (141,454)

County of Sussex, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

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	\$ 1,849,004	\$ 1,991,342	\$ 1,781,884	\$ 209,458
Crater youth care commission	140,676	140,676	140,675	1
Total correction and detention	<u>\$ 1,989,680</u>	<u>\$ 2,132,018</u>	<u>\$ 1,922,559</u>	<u>\$ 209,459</u>
Inspections:				
Building	\$ 265,225	\$ 253,073	\$ 220,616	\$ 32,457
Total inspections	<u>\$ 265,225</u>	<u>\$ 253,073</u>	<u>\$ 220,616</u>	<u>\$ 32,457</u>
Other protection:				
Animal control	\$ 327,047	\$ 376,009	\$ 367,620	\$ 8,389
Total other protection	<u>\$ 327,047</u>	<u>\$ 376,009</u>	<u>\$ 367,620</u>	<u>\$ 8,389</u>
Total public safety	<u>\$ 9,427,614</u>	<u>\$ 11,185,784</u>	<u>\$ 10,348,295</u>	<u>\$ 837,489</u>
Public works:				
Sanitation and waste removal:				
Refuse disposal	\$ 167,139	\$ 251,988	\$ 155,653	\$ 96,335
Total sanitation and waste removal	<u>\$ 167,139</u>	<u>\$ 251,988</u>	<u>\$ 155,653</u>	<u>\$ 96,335</u>
Maintenance of general buildings and grounds:				
General properties	\$ 356,056	\$ 498,629	\$ 476,378	\$ 22,251
General works	291,847	289,747	279,028	10,719
Total maintenance of general buildings and grounds	<u>\$ 647,903</u>	<u>\$ 788,376</u>	<u>\$ 755,406</u>	<u>\$ 32,970</u>
Total public works	<u>\$ 815,042</u>	<u>\$ 1,040,364</u>	<u>\$ 911,059</u>	<u>\$ 129,305</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 148,317	\$ 148,317	\$ 148,317	\$ -
Total health	<u>\$ 148,317</u>	<u>\$ 148,317</u>	<u>\$ 148,317</u>	<u>\$ -</u>
Mental health and mental retardation:				
Community services board	\$ 76,235	\$ 76,235	\$ 76,235	\$ -
Total mental health and mental retardation	<u>\$ 76,235</u>	<u>\$ 76,235</u>	<u>\$ 76,235</u>	<u>\$ -</u>
Welfare:				
Public assistance and welfare administration	\$ 2,375,851	\$ 2,379,453	\$ 1,797,563	\$ 581,890
Comprehensive services act	740,000	740,000	754,287	(14,287)
Total welfare	<u>\$ 3,230,851</u>	<u>\$ 3,234,453</u>	<u>\$ 2,666,850</u>	<u>\$ 567,603</u>
Total health and welfare	<u>\$ 3,455,403</u>	<u>\$ 3,459,005</u>	<u>\$ 2,891,402</u>	<u>\$ 567,603</u>

County of Sussex, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

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	\$ 2,982	\$ 1,500
Contribution to County School Board	7,749,170	7,749,170	8,136,301	(387,131)
Total education	\$ 7,753,652	\$ 7,753,652	\$ 8,139,283	\$ (385,631)
Parks, recreation, and cultural:				
Parks and recreation:				
Recreation center	\$ 56,000	\$ 56,000	\$ 59,360	\$ (3,360)
Total parks and recreation	\$ 56,000	\$ 56,000	\$ 59,360	\$ (3,360)
Cultural enrichment:				
Wakefield foundation	\$ 16,500	\$ 16,500	\$ 16,500	\$ -
Carpenter museum	1,500	1,500	1,500	-
Total cultural enrichment	\$ 18,000	\$ 18,000	\$ 18,000	\$ -
Library:				
Contribution to regional library	\$ 186,151	\$ 186,151	\$ 186,151	\$ -
Total library	\$ 186,151	\$ 186,151	\$ 186,151	\$ -
Total parks, recreation, and cultural	\$ 260,151	\$ 260,151	\$ 263,511	\$ (3,360)
Community development:				
Planning and community development:				
Planning and zoning	\$ 234,793	\$ 239,793	\$ 245,120	\$ (5,327)
Industrial development authority	-	62,500	50,000	12,500
Planning district commission	9,790	9,790	9,790	-
Virginia's gateway region	47,417	47,417	47,417	-
Crater small business development	3,300	3,300	3,300	-
Indoor plumbing	-	4,128	19,656	(15,528)
Housing assistance and other	-	1,094,648	223,634	871,014
Total planning and community development	\$ 295,300	\$ 1,461,576	\$ 598,917	\$ 862,659
Environmental management:				
Environmental inspection	\$ -	\$ -	\$ (261)	\$ 261
Convenience centers	195,000	502,217	579,049	(76,832)
Other environmental management	1,276	1,276	-	1,276
Total environmental management	\$ 196,276	\$ 503,493	\$ 578,788	\$ (75,295)
Cooperative extension program:				
Extension office	\$ 82,539	\$ 82,539	\$ 45,366	\$ 37,173
Total cooperative extension program	\$ 82,539	\$ 82,539	\$ 45,366	\$ 37,173
Total community development	\$ 574,115	\$ 2,047,608	\$ 1,223,071	\$ 824,537
Debt service:				
Principal retirement	\$ 1,331,465	\$ 1,627,664	\$ 1,307,344	\$ 320,320
Interest and other fiscal charges	346,848	346,848	346,848	-
Total debt service	\$ 1,678,313	\$ 1,974,512	\$ 1,654,192	\$ 320,320
Total General Fund	\$ 27,619,797	\$ 31,799,343	\$ 29,087,247	\$ 2,712,096

County of Sussex, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

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	\$ -	\$ 11,083	\$ 2,970	\$ 8,113
Total County Special Revenue Fund	\$ 766	\$ 11,849	\$ 2,970	\$ 8,879
County Capital Projects Fund:				
Education:				
Other instructional costs:				
Contribution to County School Board	\$ -	\$ 27,000	\$ -	\$ 27,000
Capital projects:				
Voting machine replacement	\$ -	\$ 8,625	\$ -	\$ 8,625
Site development	-	236,269	-	236,269
Carpet replacement	-	12,538	-	12,538
Judicial complex HVAC	-	56,765	-	56,765
Jail upgrades	-	147,000	-	147,000
NG911 upgrade	-	56,322	-	56,322
Waverly radio tower	-	20,000	-	20,000
Vehicle replacement	-	53,740	-	53,740
Total capital projects	\$ -	\$ 591,259	\$ -	\$ 591,259
Debt service:				
Principal retirement	\$ -	\$ 64,645	\$ 64,645	\$ -
Interest and other fiscal charges	-	3,749	3,749	-
Total debt service	\$ -	\$ 68,394	\$ 68,394	\$ -
Total County Capital Projects Fund	\$ -	\$ 686,653	\$ 68,394	\$ 618,259
Total Primary Government	\$ 27,620,563	\$ 32,497,845	\$ 29,158,611	\$ 3,339,234
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Education:				
Administration, health, and attendance	\$ 1,431,604	\$ 1,431,604	\$ 1,882,354	\$ (450,750)
Instruction costs	14,861,605	15,749,321	14,643,452	1,105,869
Pupil transportation	1,604,130	1,604,130	2,379,684	(775,554)
Operation and maintenance of school plant	2,137,346	2,137,346	2,177,621	(40,275)
Total operating costs	3,741,476	3,741,476	4,557,305	(815,829)
Total education	\$ 20,034,685	\$ 20,922,401	\$ 21,083,111	\$ (160,710)
Debt service:				
Principal retirement	\$ 34,604	\$ 34,604	\$ 34,604	\$ -
Interest and other fiscal charges	3,103	3,103	3,103	-
Total debt service	\$ 37,707	\$ 37,707	\$ 37,707	\$ -
Total School Operating Fund	\$ 20,072,392	\$ 20,960,108	\$ 21,120,818	\$ (160,710)

County of Sussex, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

Schedule 2
Page 5 of 5

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (Continued)				
Special Revenue Funds:				
School Special Revenue Fund:				
Education:				
Textbooks	\$ 108,007	\$ 108,007	\$ 134,842	\$ (26,835)
Commodities	-	75,878	75,878	-
School food services	839,118	839,118	929,636	(90,518)
Total School Special Revenue Fund	\$ 947,125	\$ 1,023,003	\$ 1,140,356	\$ (117,353)
School Activity Fund				
Education:				
Instruction costs	\$ -	\$ -	\$ 117,209	\$ (117,209)
Total School Activity Fund	\$ -	\$ -	\$ 117,209	\$ (117,209)
Total Discretely Presented Component Unit - School Board	\$ 21,019,517	\$ 21,983,111	\$ 22,378,383	\$ (395,272)

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
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
2022	2,231,888	1,246,502	9,303,279	(1,165,094)	2,742,384	9,436,064	269,209	1,197,484	318,744	25,580,460

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	Contributions Not Restricted to Specific Programs	Total
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
2022	7,041,270	6,180,722	-		9,918,843	1,589,554	110,398	243,877	1,495,157	26,579,821

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
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
2022	2,382,435	1,273,999	10,351,265	911,059	2,891,402	22,343,658	263,511	1,223,071	1,691,899	43,332,299

(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	Revenue from the										Total
	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental (2)		
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	
2022	9,868,014	1,589,554	86,301	783,292	56,000	6,208,232	1,161,436	805,446	21,064,749	41,623,024	

(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	
				Tax Collections	\$		to Tax Levy	%	Taxes	\$	Delinquent Taxes to Tax Levy	%
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%				
2022	10,841,141	10,502,434	96.88%	262,639	10,765,073	99.30%	562,563	5.19%				

(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
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
2022	896,724,205	90,962,740	24,044,896	13,271,540	115,859,370	1,160,850	1,142,023,601

(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
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
2021	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:		Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
				Debt Service Monies Available	Debt Assumed by Other Localities		
2013	12,087	\$ 1,099,132,959	\$ 21,046,261	\$ 1,150,608	-	1.81%	\$ 1,646
2014	12,087	1,102,888,318	19,700,315	1,348,239	-	1.66%	1,518
2015	12,087	1,105,952,813	18,354,370	1,550,661	-	1.52%	1,390
2016	12,087	1,106,430,070	17,008,425	1,757,978	-	1.38%	1,262
2017	12,087	1,095,578,825	15,662,479	1,970,750	-	1.25%	1,133
2018	12,087	1,101,676,924	14,316,533	2,187,916	-	1.10%	1,003
2019	12,087	1,137,928,100	12,970,587	2,410,430	-	0.93%	874
2020	12,087	1,155,715,924	11,624,641	2,638,624	-	0.78%	743
2021	12,087	1,150,827,386	9,571,695	1,816,711	-	0.67%	642
2022	10,829	1,142,023,601	8,689,492	1,971,191	-	0.59%	620

(1) Weldon Cooper Center for Public Service for 2010 and 2020 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.



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

**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, 2022, and the related notes to the financial statements, which collectively comprise County of Sussex, Virginia's basic financial statements and have issued our report thereon dated January 12, 2023.

Report on 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 or significant deficiencies may exist that were not identified.

Report on 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
January 12, 2023



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

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

Opinion on Each Major Federal Program

We have audited County of Sussex, Virginia's compliance with the types of compliance requirements identified as subject to audit 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, 2022. 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.

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, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of County of Sussex, Virginia and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of County of Sussex, Virginia's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to County of Sussex, Virginia's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on County of Sussex, Virginia's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about County of Sussex, Virginia's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding County of Sussex, Virginia's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of County of Sussex, Virginia's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 County of Sussex, Virginia's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Report on Internal Control over Compliance (Continued)

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 Associate

Richmond, Virginia
January 12, 2023

County of Sussex, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Pass-Through Payments:			
Virginia Department of Social Services:			
Guardianship Assistance	93.090	1110121/1110122	\$ 2,055
Title IV-E Prevention Program	93.472	1140122	164
MaryLee Allen Promoting Safe and Stable Families Program	93.556	0950121/0950122	17,310
Temporary Assistance for Needy Families	93.558	0400121/0400122	160,121
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	0500121/0500122	762
Low Income Home Energy Assistance	93.568	0600421/0600422	28,577
Child Care Mandatory and Matching Funds of the Child Care Development Fund (CCDF Cluster)	93.596	0760121/0760122	35,567
Chafee Education and Training Vouchers Program (ETV)	93.599	9160118/9160119	210
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900121/0900122	379
Foster Care - Title IV-E	93.658	1100121/1100122	142,419
Adoption Assistance	93.659	1120121/1120122	34,743
Social Services Block Grant	93.667	1000121/1000122	170,811
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	91501121/9150122	3,979
Elder Abuse Prevention Interventions Program	93.747	8000221	8,166
Children's Health Insurance Program	93.767	0540121/0540122	1,516
Medical Assistance Program (Medicaid Cluster)	93.778	1200121/1200122	173,117
Total Department of Health and Human Services			<u>\$ 779,896</u>
Department of Homeland Security:			
Pass-Through Payments:			
Virginia Department of Emergency Management:			
Emergency Management Performance Grants	97.042	77501-54389	<u>\$ 7,500</u>
Department of Agriculture:			
Pass-Through Payments:			
Virginia Department of Agriculture and Consumer Services:			
Food Distribution (Child Nutrition Cluster)	10.559	17901	\$ 2,335
Summer Food Service Program for Children (Child Nutrition Cluster)	10.559	17901	61,870
Total ALN 10.559			<u>\$ 64,205</u>
Virginia Department of Agriculture and Consumer Services:			
Food Distribution (Child Nutrition Cluster)	10.555	17901-45707	<u>\$ 73,542</u>
Department of Education:			
National School Lunch Program (Child Nutrition Cluster)	10.555	17901-40623	<u>\$ 649,898</u>
Total CFDA# 10.555			<u>\$ 723,440</u>
School Breakfast Program (Child Nutrition Cluster)	10.553	17901-40591	\$ 273,175
Fresh Fruit and Vegetable Program (Child Nutrition Cluster)	10.582	17901-40599	33,960
Total Child Nutrition Cluster			<u>\$ 1,094,780</u>
Pass-Through Payments:			
Virginia Department of Education:			
Virginia Department of Agriculture and Consumer Services:			
COVID-19 - Pandemic (P-EBT) Administrative Cost Grants	10.649	17901-86556	3,063
Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP Cluster)	10.561	0010121/0010122	<u>314,788</u>
Total Department of Agriculture			<u>\$ 1,412,631</u>

County of Sussex, Virginia
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2022

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Justice:			
Pass Through Payments:			
Virginia Department of Criminal Justice Services:			
Crime Victim Assistance	16.575	390001-10220	\$ 72,942
Pass-Through Payments:			
Virginia Department of Housing and Community Development:			
Community Development Block Grant/State's Program and Non-Entitlement Grants in Hawaii	14.228	533005-1400	248,899
Total Department of Housing and Urban Development			\$ 248,899
Department of Education:			
Pass-Through Payments:			
Virginia Department of Education:			
Title I Grants to Local Educational Agencies	84.010	17901-42901	\$ 560,103
Special Education - Grants to States (Special Education Cluster)	84.027	17901-43071	\$ 225,389
Special Education - Preschool Grants (Special Education Cluster)	84.173	17901-62521	7,729
Total Special Education Cluster			233,118
Career and Technical Education - Basic Grants to States	84.048	17901-61095	52,887
English Language Acquisition State Grants	84.365	17901-60512	1,816
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	17901-61480	74,112
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	17901-60177	\$ 1,045,588
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	17901-60177	316,146
Student Support and Academic Enrichment Program	84.424	17901-60281	33,455
Total Department of Education			\$ 2,317,225
Department of Treasury:			
Pass Through Payments:			
Virginia Department of Accounts:			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	unavailable	\$ 1,135,656
COVID-19 - Coronavirus Relief Fund (CRF)	21.019	10110-728021	96,598
Total Department of Treasury			\$ 1,232,254
Department of Defense:			
Direct Payments:			
ROTC	12.xxx	N/A	\$ 84,294
Total Expenditures of Federal Awards			\$ 6,155,641

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, 2022

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, 2022. 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	\$ 2,656,278
Total primary government	\$ <u>2,656,278</u>

Component Unit School Board:

School Operating Fund	\$ 2,401,519
School Special Revenue Fund	1,097,844
Total Component Unit School Board	\$ <u>3,499,363</u>
Total federal expenditures per basic financial statements	\$ <u><u>6,155,641</u></u>

Total federal expenditures per the Schedule of Expenditures
of Federal Awards

\$ 6,155,641

Note 5 - Subrecipients

No awards were passed through to subrecipients.

Note 6 - De Minimis Cost Rate

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

Note 7 - Loan Balances

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

County of Sussex, Virginia
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022

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:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
21.027	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds
84.425	COVID-19 Education Stabilization Fund (ESF)
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program

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, 2022**

There were no prior year audit findings.