

COUNTY OF SUSSEX, VIRGINIA

ANNUAL FINANCIAL REPORT

**FOR THE YEAR
ENDED JUNE 30, 2023**

COUNTY OF SUSSEX, VIRGINIA

Board of Supervisors

Wayne O. Jones, Chair
Susan B. Seward, Vice Chair
Steve White

Alfred G. Futrell

C. Eric Fly, Sr.
Rufus E. Tyler

Debbie P. Jones

Department of Social Services

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Viola Brown, Vice Chair
Earl Rogers

Nathelia Wyche
Winnie Umphlett
Barbara Gray

County School Board

Marvin Morris, Jr., Chair
Freddie A. Stringfield, Vice Chair
Doris Coleman

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

Other Officials

County Administrator	Richard Douglas
Director of Social Services	Tawana Toran
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

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FOR THE YEAR ENDED JUNE 30, 2023

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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, 2023, 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 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, 2023, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 23 to the financial statements, in 2023, the County adopted new accounting guidance, GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs). 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.

Responsibilities of Management for the Financial Statements (Continued)

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 9, 2024, 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, Fennel, Cox Associates

Richmond, Virginia
January 9, 2024

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, 2023. 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 \$46,660,872 (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 (\$1,302,557) (Exhibit 5) after making contributions totaling \$8,388,701 to the School Board.

- < As of the close of the current fiscal year; the County's funds reported ending fund balances of \$16,599,315, a decrease of \$1,302,557 in comparison with the prior year.
- < At the end of the current fiscal year, unassigned fund balance for the general fund was \$9,870,569, or 30% of total general fund expenditures and other uses.
- < The combined long-term obligations decreased \$1,808,046 during the current fiscal year.

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Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

Overview of the Financial Statements (Continued)

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

Fiduciary funds - The County is the trustee, or fiduciary, for the County's 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.

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Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a County's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$46,660,872 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		
	2023	2022	
Current and other assets	\$ 47,261,807	\$ 47,737,787	
Restricted assets	5,086,674	8,384,868	
Capital assets	<u>36,332,004</u>	<u>38,009,674</u>	
Total assets	<u>\$ 88,680,485</u>	<u>\$ 94,132,329</u>	
Deferred outflows of resources	<u>\$ 627,078</u>	<u>\$ 1,172,903</u>	
Current liabilities	\$ 2,485,644	\$ 2,056,300	
Long-term liabilities outstanding	<u>10,971,860</u>	<u>12,779,906</u>	
Total liabilities	<u>\$ 13,457,504</u>	<u>\$ 14,836,206</u>	
Deferred inflows of resources	<u>\$ 29,189,187</u>	<u>\$ 34,003,263</u>	
Net investment in capital assets	\$ 27,136,769	\$ 27,017,097	
Restricted	5,086,674	8,384,868	
Unrestricted	<u>14,437,429</u>	<u>11,063,798</u>	
Total net position	<u><u>\$ 46,660,872</u></u>	<u><u>\$ 46,465,763</u></u>	

Government-wide Financial Analysis (Continued)

The County's net position increased by \$195,109 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		
	2023	2022	
Charges for services	\$ 7,263,711	\$ 7,041,270	
Operating grants and contributions	6,388,155	6,180,722	
General property taxes	11,872,907	9,918,843	
Other local taxes	1,708,235	1,589,554	
Grants and other contributions not restricted	1,533,766	1,495,157	
Other general revenues	571,641	354,275	
Total revenues	\$ 29,338,415	\$ 26,579,821	
General government administration	\$ 3,239,597	\$ 2,231,888	
Judicial administration	1,486,062	1,246,502	
Public safety	7,012,831	9,303,279	
Public works	1,325,941	(1,165,094)	
Health and welfare	3,199,367	2,742,384	
Education	11,217,857	9,436,064	
Parks, recreation, and cultural	276,958	269,209	
Community development	1,289,668	1,197,484	
Interest and other fiscal charges	95,025	318,744	
Total expenses	\$ 29,143,306	\$ 25,580,460	
Change in net position	\$ 195,109	\$ 999,361	
Net position, beginning of year	46,465,763	45,466,402	
Net position, end of year	\$ 46,660,872	\$ 46,465,763	

Financial Analysis of the County's Funds

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

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

As of the end of the current fiscal year, the County's governmental funds reported fund balances of \$16,599,315, a decrease of \$1,302,557 in comparison with the prior year. Approximately 59% 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 \$6,646,303. All of this amount was committed to current or future capital projects.

General Fund Budgetary Highlights

During the year, revenues and other financing sources exceeded budgetary estimates by (\$3,216,371). Budgetary estimates exceeded expenditures and other financing uses by \$7,499,119. The combination of the two resulted in a positive variance of \$4,282,748.

Capital Asset and Debt Administration

< **Capital assets** - The County's investment in capital assets for its governmental operations as of June 30, 2023, amounts to \$36,332,004 (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 \$3,044,428, all of which is debt backed by the full faith and credit of the County.

The County's total debt decreased by \$1,808,046 during the current fiscal year.

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

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Economic Factors and Next Year's Budgets and Rates

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

These factors were considered in preparing the County's budget for the 2024 fiscal year.

The fiscal year 2024 General Fund budget increased by approximately 4%. 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, 2023

	Primary Government Governmental Activities	Component Unit School Board
ASSETS		
Cash and cash equivalents	\$ 16,494,659	\$ 740,879
Receivables (net of allowance for uncollectibles):		
Taxes receivable	1,052,148	-
Accounts receivable	786,946	12,728
Lease receivable	27,790,110	-
Interest receivable	106,499	-
Due from other governmental units	1,031,445	2,417,966
Restricted assets:		
Net pension asset	5,086,674	500,921
Capital assets (net of accumulated depreciation):		
Land	10,530,331	110,993
Buildings and improvements	8,831,077	21,360,954
Machinery and equipment	6,467,014	1,122,866
Equipment lease	136,556	66,047
Subscription asset	-	46,593
Construction in progress	10,367,026	-
Total assets	<u>\$ 88,680,485</u>	<u>\$ 26,379,947</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension related items	\$ 471,169	\$ 2,293,791
OPEB related items	155,909	339,010
Total deferred outflows of resources	<u>\$ 627,078</u>	<u>\$ 2,632,801</u>
LIABILITIES		
Accounts payable	\$ 1,254,619	\$ 397,000
Accrued liabilities	-	1,448,998
Accrued interest payable	98,643	-
Due to component unit	355,144	-
Unearned revenue	777,238	156,681
Long-term liabilities:		
Due within one year	1,388,125	101,690
Due in more than one year	9,583,735	11,114,612
Total liabilities	<u>\$ 13,457,504</u>	<u>\$ 13,218,981</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred revenue - property taxes	\$ 49,955	\$ -
Lease related items	27,262,392	-
Pension related items	1,761,502	2,432,542
OPEB related items	115,338	409,881
Total deferred inflows of resources	<u>\$ 29,189,187</u>	<u>\$ 2,842,423</u>
NET POSITION		
Net investment in capital assets	\$ 27,136,769	\$ 22,608,767
Restricted:		
Net pension asset	5,086,674	500,921
Construction	-	762,134
Unrestricted (deficit)	14,437,429	(10,920,478)
Total net position	<u>\$ 46,660,872</u>	<u>\$ 12,951,344</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, 2023

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component
					Government	Unit
					Governmental Activities	School Board
PRIMARY GOVERNMENT:						
Governmental activities:						
General government administration	\$ 3,239,597	\$ 36,384	\$ 611,200	\$ -	\$ (2,592,013)	\$ -
Judicial administration	1,486,062	740,178	574,296	-	(171,588)	-
Public safety	7,012,831	467,456	2,100,096	-	(4,445,279)	-
Public works	1,325,941	6,019,693	-	-	4,693,752	-
Health and welfare	3,199,367	-	2,413,494	-	(785,873)	-
Education	11,217,857	-	-	-	(11,217,857)	-
Parks, recreation, and cultural	276,958	-	-	-	(276,958)	-
Community development	1,289,668	-	689,069	-	(600,599)	-
Interest on long-term debt	95,025	-	-	-	(95,025)	-
Total governmental activities	\$ 29,143,306	\$ 7,263,711	\$ 6,388,155	\$ -	\$ (15,491,440)	\$ -
Total primary government	\$ 29,143,306	\$ 7,263,711	\$ 6,388,155	\$ -	\$ (15,491,440)	\$ -
COMPONENT UNIT:						
School Board	\$ 24,627,513	\$ 106,988	\$ 17,528,773	\$ -	\$ -	\$ (6,991,752)
Total component unit	\$ 24,627,513	\$ 106,988	\$ 17,528,773	\$ -	\$ -	\$ (6,991,752)
General revenues:						
General property taxes					\$ 11,872,907	\$ -
Local sales tax					1,183,642	-
Motor vehicle licenses					224,176	-
Other local taxes					300,417	-
Unrestricted revenues from use of money and property					316,621	2,635
Miscellaneous					255,020	369,723
Grants and contributions not restricted to specific programs					1,533,766	-
Payment from Sussex County					-	10,984,342
Total general revenues					\$ 15,686,549	\$ 11,356,700
Change in net position					\$ 195,109	\$ 4,364,948
Net position - beginning					46,465,763	8,586,396
Net position - ending					\$ 46,660,872	\$ 12,951,344

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

County of Sussex, Virginia
Balance Sheet
Governmental Funds
June 30, 2023

	<u>General</u>	<u>County Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 9,791,054	\$ 6,646,303	\$ 57,302	\$ 16,494,659
Receivables (net of allowance for uncollectibles):				
Taxes receivable	1,052,148	-	-	1,052,148
Accounts receivable	786,879	-	67	786,946
Lease receivable	27,790,110	-	-	27,790,110
Interest receivable	106,499	-	-	106,499
Due from other governmental units	1,031,445	-	-	1,031,445
Total assets	<u>\$ 40,558,135</u>	<u>\$ 6,646,303</u>	<u>\$ 57,369</u>	<u>\$ 47,261,807</u>
LIABILITIES				
Accounts payable	\$ 1,254,619	\$ -	\$ -	\$ 1,254,619
Due to component unit	355,144			355,144
Unearned revenue	777,238	-	-	777,238
Total liabilities	<u>\$ 2,387,001</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,387,001</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	\$ 942,614	\$ -	\$ -	\$ 942,614
Unavailable revenue - opioid settlement	70,485	-	-	70,485
Lease related items	27,262,392	-	-	27,262,392
Total deferred inflows of resources	<u>\$ 28,275,491</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,275,491</u>
FUND BALANCES				
Restricted	\$ 70,485	\$ -	\$ -	\$ 70,485
Committed	25,074	6,646,303	57,369	6,728,746
Unassigned	9,800,084	-	-	9,800,084
Total fund balances	<u>\$ 9,895,643</u>	<u>\$ 6,646,303</u>	<u>\$ 57,369</u>	<u>\$ 16,599,315</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 40,558,135</u>	<u>\$ 6,646,303</u>	<u>\$ 57,369</u>	<u>\$ 47,261,807</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, 2023

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 16,599,315
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Capital assets, cost	\$ 55,760,285	
Accumulated depreciation	(19,428,281)	36,332,004

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

Unavailable revenue - property taxes	\$ 892,659	
Unavailable revenue - opioid settlement	70,485	
Net pension asset	5,086,674	6,049,818

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

Pension related items	\$ 471,169	
OPEB related items	155,909	627,078

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	\$ (478,977)	
Net OPEB liabilities	(608,071)	
Landfill postclosure costs	(689,577)	
Equipment loan	(3,608,473)	
Lease liabilities	(140,053)	
General obligation bonds	(4,885,000)	
Bond premium	(561,709)	
Accrued interest payable	(98,643)	(11,070,503)

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

Pension related items	\$ (1,761,502)	
OPEB related items	(115,338)	(1,876,840)

Net position of governmental activities	\$ 46,660,872
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The notes to the financial statements are an integral part of this statement.

County of Sussex, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2023

	<u>General</u>	<u>County Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total</u>
REVENUES				
General property taxes	\$ 11,527,561	\$ -	\$ -	\$ 11,527,561
Other local taxes	1,708,235	-	-	1,708,235
Permits, privilege fees, and regulatory licenses	352,749	-	-	352,749
Fines and forfeitures	718,889	-	-	718,889
Revenue from the use of money and property	205,984	146,376	645	353,005
Charges for services	6,154,549	-	1,140	6,155,689
Miscellaneous	255,020	-	-	255,020
Recovered costs	765,371	-	-	765,371
Intergovernmental:				
Commonwealth	5,884,816	-	14,827	5,899,643
Federal	1,951,793	-	-	1,951,793
Total revenues	<u>\$ 29,524,967</u>	<u>\$ 146,376</u>	<u>\$ 16,612</u>	<u>\$ 29,687,955</u>
EXPENDITURES				
Current:				
General government administration	\$ 3,218,315	\$ -	\$ -	\$ 3,218,315
Judicial administration	1,437,747	-	-	1,437,747
Public safety	9,732,129	-	375	9,732,504
Public works	1,376,487	-	-	1,376,487
Health and welfare	3,292,760	-	-	3,292,760
Education	8,389,652	-	-	8,389,652
Parks, recreation, and cultural	271,260	-	-	271,260
Community development	1,291,907	-	-	1,291,907
Capital projects	-	46,624	-	46,624
Debt service:				
Principal retirement	1,137,997	2,214,428	-	3,352,425
Interest and other fiscal charges	334,269	-	-	334,269
Total expenditures	<u>\$ 30,482,523</u>	<u>\$ 2,261,052</u>	<u>\$ 375</u>	<u>\$ 32,743,950</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (957,556)</u>	<u>\$ (2,114,676)</u>	<u>\$ 16,237</u>	<u>\$ (3,055,995)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 551,640	\$ 2,000,000	\$ -	\$ 2,551,640
Transfers out	(2,000,000)	(551,640)	-	(2,551,640)
Issuance of equipment loan	1,737,804	-	-	1,737,804
Total other financing sources (uses)	<u>\$ 305,078</u>	<u>\$ 1,448,360</u>	<u>\$ -</u>	<u>\$ 1,753,438</u>
Net change in fund balances	\$ (652,478)	\$ (666,316)	\$ 16,237	\$ (1,302,557)
Fund balances - beginning	10,548,121	7,312,619	41,132	17,901,872
Fund balances - ending	<u>\$ 9,895,643</u>	<u>\$ 6,646,303</u>	<u>\$ 57,369</u>	<u>\$ 16,599,315</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, 2023

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

Net change in fund balances - total governmental funds	\$	(1,302,557)
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The following is a summary of items supporting this adjustment:

Capital outlays	\$ 2,243,763	
Jointly owned asset allocation	(2,595,641)	
Depreciation expense	<u>(1,325,792)</u>	(1,677,670)

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

Property taxes	\$ 345,346	
Opioid settlement	<u>70,485</u>	415,831

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 general obligation bonds	\$ 830,000	
Principal retired on QZAB bonds	2,214,428	
Principal retired on equipment loan	263,501	
Principal retired on lease liabilities	44,496	
Issuance of lease liabilities	(15,634)	
Issuance of equipment loan	<u>(1,737,804)</u>	1,598,987

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	\$ 198,355	
Pension expense	918,717	
OPEB expense	52,411	
Decrease (increase) in landfill postclosure liability	18,672	
Decrease (increase) in compensated absences	(68,526)	
Decrease (increase) in accrued interest payable	<u>40,889</u>	1,160,518

Change in net position of governmental activities	\$	<u>195,109</u>
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The notes to the financial statements are an integral part of this statement.

County of Sussex, Virginia
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2023

Custodial Funds

ASSETS

Cash and cash equivalents
Total assets

\$	136,458
\$	136,458

NET POSITION

Restricted for:

Individuals

\$	43,950
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Scholarships

	92,508
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Total net position

\$	136,458
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County of Sussex, Virginia
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2023

Custodial Funds

ADDITIONS

Contributions:

Private contributions	\$ 87,296
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Investment earnings:

Interest	3,731
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Total additions	\$ 91,027
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DEDUCTIONS

Scholarships	\$ 3,800
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Bank charges	72
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Recipient payments	68,959
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Total deductions	\$ 72,831
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Net increase (decrease) in fiduciary net position	\$ 18,196
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Net position - beginning	118,262
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Net position - ending	\$ 136,458
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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, 2023

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 accounting principles generally accepted in the United States as specified by the Governmental Accounting Standards Board and the specifications promulgated by the Auditor of Public Accounts (APA) of the Commonwealth of Virginia. The more significant of the government's accounting policies are described below.

Government-wide and Fund Financial Statements

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

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component unit. 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, 2023

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, 2023.

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, 2023.

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, 2023

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. 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 and subscription liabilities, as well as expenditures related to compensated absences, claims and judgments, postemployment benefits, and environmental obligations are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions, including entering into contracts giving the government the right to use lease and subscription assets, are reported as expenditures in the governmental funds. Issuance of long-term debt and financing through leases and subscriptions 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, 2023

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

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

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

1. Governmental Funds

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

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

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

The County reports the following nonmajor governmental funds:

Special Revenue Funds - Special revenue funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The County Special Revenue Fund includes the operations of the law library and the drug forfeiture activity.

2. Additionally, the County also reports the following fund types:

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.

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 \$92,200 at June 30, 2023 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, lease, subscription, 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 and subscription 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.

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, subscription 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:

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	40
Furniture, Vehicles, Office and Computer Equipment	5-20
Buses	10
Subscription assets	2-3
Lease equipment	2-5

H. Leases and Subscription-Based IT Arrangements

The County has various lease assets and subscription-based IT arrangements (SBITAs) 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. A SBITA is defined as a contract that conveys control of the right to use another party’s (a SBITA vendor’s) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

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).

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

H. Leases (Continued)

Subscriptions

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

Key Estimates and Judgments

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

- The County uses the interest rate stated in lease or subscription 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 and subscriptions.
- The lease and subscription terms include the noncancellable period of the lease or subscription and certain periods covered by options to extend to reflect how long the lease or subscription 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 or subscription incentives and certain other payments are included in the measurement of the lease receivable (lessor), lease liability (lessee) or subscription liability.

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

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.

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

J. Compensated Absences

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

K. Use of Estimates

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

L. Net Position

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

- Net investment in capital assets consists of capital assets, net of accumulated depreciation/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.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2023

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

L. Pensions

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

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 represent 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. Deferred inflows of resources represent 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, leases, and opioid settlement are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

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

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;
- 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.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2023

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

P. Fund Balance (Continued)

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:				
Opioid settlement	\$ 70,485	\$ -	\$ -	\$ 70,485
Total Restricted Fund Balance	<u>\$ 70,485</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 70,485</u>
Committed:				
CDBG	\$ 25,074	\$ -	\$ -	\$ 25,074
Capital Improvements	-	6,646,303	-	6,646,303
Forfeited asset	-	-	22,771	22,771
Law library	-	-	34,598	34,598
Total Committed Fund Balance	<u>\$ 25,074</u>	<u>\$ 6,646,303</u>	<u>\$ 57,369</u>	<u>\$ 6,728,746</u>
Unassigned	\$ 9,800,084	\$ -	\$ -	\$ 9,800,084
Total Fund Balances	<u>\$ 9,895,643</u>	<u>\$ 6,646,303</u>	<u>\$ 57,369</u>	<u>\$ 16,599,315</u>

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.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2023

Note 2—Stewardship, Compliance, and Accounting: (Continued)

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 Cafeteria Fund at June 30, 2023.

Note 3—Deposits and Investments:

Deposits

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the “Act”) Section 2.2-4400 et. Seq. of the Code of Virginia. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial Institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

Investments

Statutes authorize local governments and other public bodies to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, “prime quality” commercial paper that has received at least two of the following ratings: P-1 by Moody’s Investors Service, Inc.; A-1 by Standard & 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, 2023 were rated by Standard & Poor’s and the ratings are presented below using the Standard & Poor’s rating scale.

		Fair Quality Ratings
		AAAm
Local Government Investment Pool	\$	4,188,380
Virginia Investment Pool		2,217,550
Total	\$	6,405,930

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2023

Note 3—Deposits and Investments: (Continued)

Interest Rate Risk

Investment Maturities (in years)			
Investment Type	Fair Value	Less Than 1 Year	1-5 Years
Governmental Activities:			
Local Government Investment Pool	\$ 4,188,380	\$ 4,188,380	-
VaCO/VML Virginia Investment Pool	2,217,550	2,217,550	-
Total	<u>\$ 6,405,930</u>	<u>\$ 6,405,930</u>	<u>\$ -</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.).

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COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2023

Note 4—Due to/from Other Governments:

At June 30, 2023, the County has receivables from other governments as follows:

	Primary Government	Component Unit School Board
Other Local Governments:		
Sussex County School Board	\$ -	\$ 355,144
Commonwealth of Virginia:		
Local sales tax	220,571	-
Welfare	52,625	-
Rolling stock tax	82,618	-
State Sales Tax	-	229,377
Constitutional officer reimbursements	211,188	-
Mobile home titling tax	5,386	-
Communications tax	19,311	-
E-911 wireless	10,459	-
Timber sale	49,246	-
Children's services	202,817	-
Auto theft	10,000	-
Opioid settlement	70,485	-
Other state funds	51	-
Technology	-	104,763
Federal Government:		
School fund grants	-	1,728,682
Welfare	96,688	-
Total due from other governments	\$ 1,031,445	\$ 2,417,966

At June 30, 2023, amounts due to other local governments are as follows:

Other Local Governments:		
County of Sussex	\$ 355,144	\$ -

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COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued) As of June 30, 2023

Note 5—Capital Assets:

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2023:

Primary Government:

	Balance July 1, 2022	Issuances/ Increases	Retirements/ Decreases	Balance June 30, 2023
Governmental activities:				
Capital assets not subject to depreciation:				
Land	\$ 10,530,331	\$ -	\$ -	\$ 10,530,331
Construction in progress	10,367,026	-	-	10,367,026
Total capital assets not subject to depreciation	\$ 20,897,357	\$ -	\$ -	\$ 20,897,357
Capital assets subject to depreciation:				
Buildings and improvements	\$ 8,688,080	\$ -	\$ -	\$ 8,688,080
Machinery and equipment	14,369,836	2,228,129	-	16,597,965
Lease equipment	206,486	15,634	-	222,120
Jointly owned assets	13,630,240	-	4,275,477	9,354,763
Total capital assets subject to depreciation	\$ 36,894,642	\$ 2,243,763	\$ 4,275,477	\$ 34,862,928
Accumulated depreciation:				
Buildings and improvements	\$ 5,050,962	\$ 252,750	\$ -	\$ 5,303,712
Machinery and equipment	9,336,350	794,601	-	10,130,951
Lease equipment	39,687	45,877	-	85,564
Jointly owned assets	5,355,326	232,564	1,679,836	3,908,054
Total accumulated depreciation	\$ 19,782,325	\$ 1,325,792	\$ 1,679,836	\$ 19,428,281
Total capital assets being depreciated, net	\$ 17,112,317	\$ 917,971	\$ 2,595,641	\$ 15,434,647
Governmental activities capital assets, net	\$ 38,009,674	\$ 917,971	\$ 2,595,641	\$ 36,332,004

Component Unit - School Board:

	Balance July 1, 2022	GASB 96 Adjustments	Adjusted Balance July 1, 2022	Issuances/ Increases	Retirements/ Decreases	Balance June 30, 2023
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:						
Buildings	\$ -	\$ -	\$ -	\$ 332,504	\$ -	\$ 332,504
Machinery and equipment	5,540,464	-	5,540,464	317,888	-	5,858,352
Lease equipment	119,940	-	119,940	-	-	119,940
Subscription assets	-	86,621	86,621	-	-	86,621
Jointly owned assets	31,945,811	-	31,945,811	-	(4,275,477)	36,221,288
Total capital assets subject to depreciation	\$ 37,606,215	\$ 86,621	\$ 37,692,836	\$ 650,392	\$ (4,275,477)	\$ 42,618,705
Accumulated depreciation:						
Buildings	\$ -	\$ -	\$ -	\$ 61,002	\$ -	\$ 61,002
Machinery and equipment	4,344,397	-	4,344,397	391,089	-	4,735,486
Lease equipment	31,981	-	31,981	21,912	-	53,893
Subscription assets	-	-	-	40,028	-	40,028
Jointly owned assets	12,551,520	-	12,551,520	900,480	(1,679,836)	15,131,836
Total accumulated depreciation	\$ 16,927,898	\$ -	\$ 16,927,898	\$ 1,414,511	\$ (1,679,836)	\$ 20,022,245
Total capital assets being depreciated, net	\$ 20,678,317	\$ 86,621	\$ 20,764,938	\$ (764,119)	\$ (2,595,641)	\$ 22,596,460
Governmental activities capital assets, net	\$ 20,789,310	\$ 86,621	\$ 20,875,931	\$ (764,119)	\$ (2,595,641)	\$ 22,707,453

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2023

Note 5—Capital Assets: (Continued)

Depreciation expense was charged to functions/programs as follows:

Primray Government:

Governmental activities:

General government administration	\$	177,893
Judicial administration		131,569
Public safety		709,241
Public works		10,855
Health and welfare		50,540
Education		232,564
Parks, recreation and cultural		5,698
Community development		<u>7,432</u>
Total Governmental activities	\$	<u>1,325,792</u>

Component Unit School Board	\$	<u>1,414,511</u>
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Note 6—Interfund Transfers:

Interfund transfers for the year ended June 30, 2023, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General	\$ 551,640	\$ 2,000,000
County Capital Projects	<u>2,000,000</u>	<u>551,640</u>
Total	<u>\$ 2,551,640</u>	<u>\$ 2,551,640</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, 2023

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, 2023:

	Balance at July 1, 2022	Issuances/ Increases	Retirements/ Decreases	Balance at June 30, 2023	Amounts Due Within One Year
Governmental Activities Obligations:					
Incurred by County:					
Equipment loan	\$ 2,134,170	\$ 1,737,804	\$ 263,501	\$ 3,608,473	\$ 419,740
Lease liabilities	168,915	15,634	44,496	140,053	45,487
Landfill postclosure costs	708,249	12,111	30,783	689,577	-
Net OPEB liabilities	668,629	195,017	255,575	608,071	-
Compensated absences	410,451	109,571	41,045	478,977	47,898
Total incurred by County	\$ 4,090,414	\$ 2,070,137	\$ 635,400	\$ 5,525,151	\$ 513,125
Incurred by School Board:					
Direct Borrowings and Direct Placements:					
QZAB bonds	\$ 2,214,428	\$ -	\$ 2,214,428	\$ -	\$ -
General obligation bonds	5,715,000	-	830,000	4,885,000	875,000
Bond premium	760,064	-	198,355	561,709	-
Total incurred by School Board	\$ 8,689,492	\$ -	\$ 3,242,783	\$ 5,446,709	\$ 875,000
Total Governmental Activities Obligations	\$ 12,779,906	\$ 2,070,137	\$ 3,878,183	\$ 10,971,860	\$ 1,388,125

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COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2023

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
2024	\$ 419,740	\$ 95,772	\$ 45,487	\$ 2,374
2025	428,045	87,468	38,646	1,606
2026	440,726	72,787	30,080	937
2027	387,328	61,612	24,969	302
2028	396,892	52,048	871	11
2029	368,780	42,315	-	-
2030	378,457	32,638	-	-
2031	388,434	22,661	-	-
2032	196,324	13,165	-	-
2033	203,747	5,742	-	-
Total	\$ 3,608,473	\$ 486,208	\$ 140,053	\$ 5,230

Direct Borrowings and Direct Placements

Incurred by School Board

Year Ending June 30	General Obligation Bonds	
	Principal	Interest
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	\$ 4,885,000	\$ 767,746

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued) As of June 30, 2023

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. \$ 177,292

\$1,737,804 emergency vehicle equipment loan issued on March 23, 2023, due in semiannual installments of \$104,744 through March 2033, interest at 3.746% 1,737,804

\$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% 1,693,377

Total equipment loans \$ 3,608,473

Lease liabilities:

\$22,939 copier equipment lease, due in monthly installments of \$405 through May 2027, interest at 3.01%. \$ 17,935

\$6,665 copier equipment lease, due in monthly installments of \$145 through May 2025, interest at 1.17%. 3,296

\$20,459 mailing system equipment lease, due in quarterly installments of \$1,395 through March 2025, interest at 1.17%. 9,650

\$22,836 copier equipment lease, due in monthly installments of \$553 through December 2024, interest at 1.00%. 9,877

\$89,434 tower lease, due in monthly installments of \$1,382 through February 2027, interest at 1.51%. 59,130

\$32,936 tower lease, due in monthly installments of \$400 through June 2027, interest at 2.96%. 23,237

\$7,136 mailing system equipment lease, due in quarterly installments of \$657 through January 2024, interest at 1.00%. 1,961

\$7,136 printer equipment lease, due in monthly installments of \$106 through January 2024, interest at 1.00%. 1,585

\$8,690 printer equipment lease, due in monthly installments of \$150 through June 2027, interest at 1.34%. 6,990

\$6,944 printer equipment lease, due in monthly installments of \$126 through January 2028, interest at 3.49%. 6,392

Total lease liabilities \$ 140,053

Landfill postclosure costs \$ 689,577

Net OPEB liabilities \$ 608,071

Compensated absences (payable from the General Fund) \$ 478,977

Total Incurred by County \$ 5,525,151

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2023

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>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.	\$ 2,260,000
\$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>2,625,000</u>
Total General Obligation Bonds	<u>\$ 4,885,000</u>
Bond Premium	<u>\$ 561,709</u>
Total incurred by School Board	<u>\$ 5,446,709</u>
Total Governmental Activities, Primary Government	<u>\$ 10,971,860</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, 2023:

	<u>Balance at July 1, 2022</u>	<u>GASB 96 Adjustments</u>	<u>Adjusted Balance at July 1, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at June 30, 2023</u>	<u>Amounts Due Within One Year</u>
Component Unit-School Board:							
Lease liabilities	\$ 85,336	\$ -	\$ 85,336	\$ -	\$ 30,324	\$ 55,012	\$ 24,872
Subscription liabilities	-	86,621	86,621	-	42,947	43,674	43,674
Net OPEB liabilities	2,297,395	-	2,297,395	584,030	643,795	2,237,630	-
Net pension liability	7,166,892	-	7,166,892	6,682,580	5,300,926	8,548,546	-
Compensated absences	<u>341,656</u>	<u>-</u>	<u>341,656</u>	<u>23,950</u>	<u>34,166</u>	<u>331,440</u>	<u>33,144</u>
Total Component Unit-School Board	<u>\$ 9,891,279</u>	<u>\$ 86,621</u>	<u>\$ 9,977,900</u>	<u>\$ 7,290,560</u>	<u>\$ 6,052,158</u>	<u>\$ 11,216,302</u>	<u>\$ 101,690</u>

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2023

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:

Component-Unit School Board				
Year Ending June 30	Lease Liabilities		Subscription Liabilities	
	Principal	Interest	Principal	Interest
2024	\$ 24,872	\$ 1,420	\$ 43,674	\$ 967
2025	25,173	599	-	-
2026	4,967	27	-	-
Total	<u>\$ 55,012</u>	<u>\$ 2,046</u>	<u>\$ 43,674</u>	<u>\$ 967</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% \$ 13,437

\$71,715 copier equipment lease, due in monthly installments of \$1,591 through September 2025, interest at 3.25% 41,575

Total lease liabilities \$ 55,012

Subscription liabilities:

\$24,897 software subscription, due in annual installments of \$12,800 through May 2024, interest at 2.35% \$ 12,506

\$35,899 software subscription, due in annual installments of \$18,541 through May 2024, interest at 2.19% 18,643

\$25,325 software subscription, due in annual installments of \$12,800 through May 2024, interest at 2.19% 12,525

Total subscription liabilities \$ 43,674

Net OPEB liabilities \$ 2,237,630

Net pension liability \$ 8,548,546

Compensated absences (payable from the General Fund) \$ 331,440

Total Long-Term Obligations, Component Unit-School Board \$ 11,216,302

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2023

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 \$689,577 reported as landfill closure and postclosure liability at June 30, 2023, 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 2023. 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:

	Government-wide Statements Governmental Activities	Balance Sheet Governmental Funds
Unavailable property tax revenue representing uncollected property tax billings that are not available for the funding of current expenditures	\$ -	\$ 892,659
Opioid settlement	-	70,485
Prepaid property taxes due in December 2022 but paid in advance by taxpayers	49,955	49,955
Total	\$ 49,955	\$ 1,013,099

The County reports unearned revenue related to American Rescue Plan Act funding in the amount of \$777,238.

The Discretely Present Component Unit School Board reports unearned revenue related to funding received from Virginia State University in the amount of \$156,681.

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.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2023

Note 10—Contingent Liabilities: (Continued)

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, 2023, there were no matters of litigation involving the County or which would materially affect the County's financial position should any court decisions on pending matters not be favorable to the County.

Note 12—Risk Management:

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

The County is a member of the Virginia 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.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2023

Note 13—Pension Plans: (Continued)

Benefit Structures (Continued)

- a. Employees with a membership date before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of creditable service or age 50 with at least 10 years of service credit. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- b. Employees with a membership date from July 1, 2010 to December 31, 2013, that have not taken a refund or employees with a membership date prior to July 1, 2010 and not vested before January 1, 2013, are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age plus service equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- c. Non-hazardous duty employees with a membership date on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 - April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service equals 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

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.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2023

Note 13—Pension Plans: (Continued)

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

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

Employees Covered by Benefit Terms

As of the June 30, 2021 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	110	45
Inactive members:		
Vested inactive members	20	4
Non-vested inactive members	28	8
Inactive members active elsewhere in VRS	77	12
Total inactive members	125	24
Active members	110	42
Total covered employees	345	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, 2023 was 5.89% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

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 \$328,448 and \$407,131 for the years ended June 30, 2023 and June 30, 2022, respectively.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2023

Note 13—Pension Plans: (Continued)

Contributions (Continued)

The Component Unit School Board’s contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2023 was 2.87% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board’s nonprofessional employees were \$25,598 and \$22,391 for the years ended June 30, 2023 and June 30, 2022, respectively.

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, 2022. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022.

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, 2021, 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, 2022.

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

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2023

Note 13—Pension Plans: (Continued)

Actuarial Assumptions - General Employees (Continued)

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2021, 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, 2021, 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, 2022.

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, 2023

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, 2021 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, 2023

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%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	100.00%		5.33%
		Inflation	2.50%
		Expected arithmetic nominal return**	7.83%

*The above allocation provides a one-year expected return of 7.83%. 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 6.72%, 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, 2023, 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, 2023

Note 13—Pension Plans: (Continued)

Discount Rate (Continued)

employer contribution rate from the June 30, 2021 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2022, 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, 2022 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, 2021	\$ 27,960,863	\$ 34,374,540	\$ (6,413,677)
Changes for the year:			
Service cost	\$ 791,012	\$ -	\$ 791,012
Interest	1,896,429	-	1,896,429
Differences between expected and actual experience	(744,831)	-	(744,831)
Contributions - employer	-	407,383	(407,383)
Contributions - employee	-	261,287	(261,287)
Net investment income	-	(32,389)	32,389
Benefit payments, including refunds of employee contributions	(1,313,270)	(1,313,270)	-
Administrative expenses	-	(21,465)	21,465
Other changes	-	791	(791)
Net changes	\$ 629,340	\$ (697,663)	\$ 1,327,003
Balances at June 30, 2022	\$ 28,590,203	\$ 33,676,877	\$ (5,086,674)

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2023

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, 2021	\$ 4,060,070	\$ 4,907,006	\$ (846,936)
Changes for the year:			
Service cost	\$ 76,992	\$ -	\$ 76,992
Interest	271,553	-	271,553
Differences between expected and actual experience	56,491	-	56,491
Contributions - employer	-	22,410	(22,410)
Contributions - employee	-	43,775	(43,775)
Net investment income	-	(4,190)	4,190
Benefit payments, including refunds of employee contributions	(228,098)	(228,098)	-
Administrative expenses	-	(3,085)	3,085
Other changes	-	111	(111)
Net changes	\$ 176,938	\$ (169,077)	\$ 346,015
Balances at June 30, 2022	\$ 4,237,008	\$ 4,737,929	\$ (500,921)

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)	\$ (1,604,920)	\$ (5,086,674)	\$ (7,961,805)
Component Unit School Board's (nonprofessional) Net Pension Liability (Asset)	\$ (3,222)	\$ (500,921)	\$ (910,159)

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2023

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, 2023, the County and Component Unit School Board (nonprofessional) recognized pension expense of (\$590,017) and (\$6,341), respectively. At June 30, 2023, 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	\$ -	\$ 771,264	\$ 33,780	\$ -
Change of assumptions	142,721	-	16,841	-
Net difference between projected and actual earnings on pension plan investments	-	990,238	-	144,449
Employer contributions subsequent to the measurement date	328,448	-	25,598	-
Total	\$ 471,169	\$ 1,761,502	\$ 76,219	\$ 144,449

\$328,448 and \$25,598 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, 2024. 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)
2024	\$ (834,854)	\$ (13,078)
2025	(583,435)	(50,457)
2026	(666,537)	(96,261)
2027	466,045	65,968
2028	-	-
Thereafter	-	-

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2023

Note 13—Pension Plans: (Continued)

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2022-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, 2023 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. 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 \$1,402,274 and \$1,333,885 for the years ended June 30, 2023 and June 30, 2022, respectively.

In June 2022, the Commonwealth made a special contribution of approximately \$442.4 million to the VRS Teacher Retirement Plan. This special payment was authorized by a budget amendment included in Chapter 1 of the 2022 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, 2023, the school division reported a liability of \$8,548,546 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2022 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022. 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, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the school division's proportion was 0.08979% as compared to 0.09232% at June 30, 2021.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2023

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, 2023, the school division recognized pension expense of \$191,662. 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. Beginning with the June 30, 2022 measurement date, the difference between expected and actual contributions is included with the pension expense calculation.

At June 30, 2023, 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 \$	-	\$ 589,456
Change of assumptions	805,956	-
Net difference between projected and actual earnings on pension plan investments	-	1,114,551
Changes in proportion and differences between employer contributions and proportionate share of contributions	9,342	584,086
Employer contributions subsequent to the measurement date	<u>1,402,274</u>	<u>-</u>
Total	<u>\$ 2,217,572</u>	<u>\$ 2,288,093</u>

\$1,402,274 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, 2024. 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>	
2024	\$ (481,449)
2025	(560,649)
2026	(878,824)
2027	448,127
2028	-

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, 2021, 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, 2022.

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

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COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2023

Note 13—Pension Plans: (Continued)

Component Unit School Board (professional) (Continued)

The actuarial assumptions used in the June 30, 2021 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, 2022, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

		Teacher Employee Retirement Plan
Total Pension Liability	\$	54,732,329
Plan Fiduciary Net Position		45,211,731
Employers' Net Pension Liability (Asset)	\$	<u>9,520,598</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		82.61%

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, 2023

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) \$	15,268,357 \$	8,548,546 \$	3,077,142

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2022-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	\$ 471,169	\$ 1,761,502	\$ 5,086,674	\$ (590,017)	\$ -	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	76,219	144,449	500,921	-	(6,341)
School Board Professional	-	-	-	-	2,217,572	2,288,093	-	8,548,546	191,662
Totals	\$ 471,169	\$ 1,761,502	\$ 5,086,674	\$ (590,017)	\$ 2,293,791	\$ 2,432,542	\$ 500,921	\$ 8,548,546	\$ 185,321

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, 2023

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 \$8,984 as of June 30, 2023.

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% ($1.34\% \times 60\%$) and the employer component was 0.54% ($1.34\% \times 40\%$). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2023 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. 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 \$32,671 and \$29,563 for the years ended June 30, 2023 and June 30, 2022, respectively.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2023

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 \$47,060 and \$44,722 for the years ended June 30, 2023 and June 30, 2022, respectively. Contributions to the Group Life Insurance Plan from the Component Unit School Board (nonprofessional) were \$6,489 and \$5,132 for the years ended June 30, 2023 and June 30, 2022, respectively.

In June 2022, the Commonwealth made a special contribution of approximately \$30.4 million to the Group Life Insurance Plan. This special payment was authorized by a Budget Amendment included in Chapter 1 of the 2022 Appropriation Act.

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, 2023, the County reported a liability of \$303,071 for its proportionate share of the Net GLI OPEB Liability. The Component Unit School Board (professional) and (nonprofessional) reported liabilities of \$458,400 and \$52,619, respectively, for their proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2022 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, 2021, and rolled forward to the measurement date of June 30, 2022. 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, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the County's proportion was 0.02520% as compared to 0.02517% at June 30, 2021. At June 30, 2022, the Component Unit School Board (professional) and (nonprofessional) proportion was 0.03810% and 0.00440%, respectively as compared to 0.03807% and 0.00437%, respectively at June 30, 2021.

For the year ended June 30, 2023, the County recognized GLI OPEB expense of \$1,922. For the year ended June 30, 2023, the Component Unit School Board (professional) recognized GLI OPEB expense of \$1,891. For the year ended June 30, 2023, the Component Unit School Board (nonprofessional) recognized GLI OPEB expense of (\$1,370). 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.

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COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2023

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)

At June 30, 2023, 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	\$ 23,999	\$ 12,158	\$ 36,299	\$ 18,390	\$ 4,167	\$ 2,111
Net difference between projected and actual earnings on GLI OPEB program investments	-	18,937	-	28,643	-	3,288
Change of assumptions	11,304	29,520	17,098	44,650	1,963	5,125
Changes in proportionate share	935	9,723	-	34,836	236	4,290
Employer contributions subsequent to the measurement date	32,671	-	47,060	-	6,489	-
Total	\$ 68,909	\$ 70,338	\$ 100,457	\$ 126,519	\$ 12,855	\$ 14,814

\$32,671, \$47,060, and \$6,489, 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, 2024. 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)
2024	\$ (10,104)	\$ (18,312)	\$ (2,862)
2025	(6,609)	(16,070)	(1,925)
2026	(16,651)	(30,289)	(3,366)
2027	1,645	(2,340)	48
2028	(2,381)	(6,111)	(343)
Thereafter	-	-	-

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

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2021, 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, 2022. 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

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

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COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2023

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

Mortality Rates - Teachers (Continued)

The actuarial assumptions used in the June 30, 2021 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

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

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2023

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

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

The actuarial assumptions used in the June 30, 2021 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

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

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2023

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

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

The actuarial assumptions used in the June 30, 2021 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

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, 2022, NOL amounts for the GLI Plans is as follows (amounts expressed in thousands):

		GLI OPEB Plan
Total GLI OPEB Liability	\$	3,672,085
Plan Fiduciary Net Position		2,467,989
Employers' Net GLI OPEB Liability (Asset)	\$	<u>1,204,096</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		67.21%

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.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2023

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%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	100.00%		5.33%
		Inflation	2.50%
		Expected arithmetic nominal return**	7.83%

*The above allocation provides a one-year return of 7.83%. 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 6.72%, 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, 2022, 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, 2023

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, 2022 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	\$ 441,004	\$ 303,071	\$ 191,602
Component School Board (professional)'s proportionate share of the GLI Plan Net OPEB Liability	\$ 667,025	\$ 458,400	\$ 289,802
Component School Board (nonprofessional)'s proportionate share of the GLI Plan Net OPEB Liability	\$ 76,567	\$ 52,619	\$ 33,266

Group Life Insurance Program Fiduciary Net Position

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2022-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, 2023

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, 2023

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

Employees Covered by Benefit Terms

As of the June 30, 2021 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>18</u>
Active members	<u>42</u>
Total covered employees	<u>60</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, 2023 was 1.11% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. 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 \$13,338 and \$6,351 for the years ended June 30, 2023 and June 30, 2022, respectively.

Net HIC OPEB Liability

The School Board’s net HIC OPEB liability was measured as of June 30, 2022. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2021, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

Actuarial Assumptions

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2021, 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, 2022.

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

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2023

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

Actuarial Assumptions: (Continued)

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

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

The actuarial assumptions used in the June 30, 2021 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, 2023

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%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	100.00%		5.33%
		Inflation	2.50%
		Expected arithmetic nominal return**	7.83%

*The above allocation provides a one-year return of 7.83%. 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 6.72%, 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, 2023

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, 2022, the rate contributed by the entity for the HIC OPEB was 100% of the actuarially determined contribution rate. From July 1, 2022 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, 2021	\$ 108,255	\$ 6,818	\$ 101,437
Changes for the year:			
Service cost	\$ 2,213	\$ -	\$ 2,213
Interest	7,382	-	7,382
Differences between expected and actual experience	1,304	-	1,304
Assumption changes	7,576	-	7,576
Contributions - employer	-	6,351	(6,351)
Net investment income	-	(126)	126
Benefit payments	(2,198)	(2,198)	-
Administrative expenses	-	(21)	21
Net changes	\$ 16,277	\$ 4,006	\$ 12,271
Balances at June 30, 2022	\$ 124,532	\$ 10,824	\$ 113,708

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COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2023

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	\$ 124,048	\$ 113,708	\$ 104,735

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, 2023, the School Board recognized HIC Plan OPEB expense of \$11,690. At June 30, 2023, 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
Differences between expected and actual experience	\$ 1,000	\$ -
Net difference between projected and actual earnings on HIC OPEB plan investments	207	-
Change in assumptions	7,278	-
Employer contributions subsequent to the measurement date	13,338	-
Total	\$ 21,823	\$ -

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2023

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)

\$13,338 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, 2024. 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>	
2024	\$ 2,673
2025	2,673
2026	2,394
2027	745
2028	-
Thereafter	-

HIC Plan Data

Information about the VRS Political Subdivision HIC Plan is available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2022-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, 2023

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, 2023 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee HIC Program. This rate was the final approved General Assembly rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. 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 \$105,329 and \$100,211 for the years ended June 30, 2023 and June 30, 2022, respectively.

In June 2022, the Commonwealth made a special contribution of approximately \$12 million to the VRS Teacher HIC Plan. This special payment was authorized by a budget amendment included in Chapter 1 of the 2022 Appropriation Act, and is classified as a non-employer contribution.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2023

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

At June 30, 2023, the school division reported a liability of \$1,109,903 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, 2022 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, 2021, and rolled forward to the measurement date of June 30, 2022. 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, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the school division's proportion of the VRS Teacher Employee HIC was 0.08886% as compared to 0.09143% at June 30, 2021.

For the year ended June 30, 2023, the school division recognized VRS Teacher Employee HIC OPEB expense of \$66,216. 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 proportionate share and differences between actual and expected contributions.

At June 30, 2023, 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	\$ -	\$ 45,241
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	-	1,114
Change of assumptions	32,426	2,834
Change in proportionate share and differences between actual and expected contributions	3,120	89,359
Employer contributions subsequent to the measurement date	105,329	-
Total	<u>\$ 140,875</u>	<u>\$ 138,548</u>

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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)

\$105,329 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2024	\$ (25,873)
2025	(22,447)
2026	(18,000)
2027	(12,898)
2028	(13,567)
Thereafter	(10,217)

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, 2021, 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, 2022.

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

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COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2023

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

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 actuarial assumptions used in the June 30, 2021 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

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

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, 2022, 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	\$	1,470,891
Plan Fiduciary Net Position		221,845
Teacher Employee net HIC OPEB Liability (Asset)	\$	1,249,046
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability		15.08%

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

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COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2023

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%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	100.00%		5.33%
		Inflation	2.50%
		Expected arithmetic nominal return**	7.83%

*The above allocation provides a one-year return of 7.83%. 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 6.72%, 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, 2022, 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, 2022 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, 2023

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	\$	1,250,873	\$ 1,109,903	\$ 990,406

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 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2022-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, 2023

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, 2022 (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, 2023 was \$44,000 and \$22,000.

Total OPEB Liability

The County and School Board’s total OPEB liability was measured as of July 1, 2022. 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	3.69%

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2023

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-2022.

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, 2023.

Changes in Total OPEB Liability

	Primary Government Total OPEB Liability	Component Unit School Board Total OPEB Liability
Balances at June 30, 2022	\$ 375,000	\$ 515,000
Changes for the year:		
Service cost	20,000	40,000
Interest	7,000	10,000
Difference between expected and actual experience	(6,000)	(10,000)
Contributions - employer	(44,000)	(22,000)
Assumption changes	(47,000)	(30,000)
Net changes	\$ (70,000)	\$ (12,000)
Balances at June 30, 2023	\$ 305,000	\$ 503,000

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

The following amounts present the total OPEB liability of the County and School Board, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.69%) or one percentage point higher (4.69%) than the current discount rate:

	Rate		
	1% Decrease (2.69%)	Current Discount Rate (3.69%)	1% Increase (4.69%)
Primary Government:			
Total OPEB liability	\$ 322,000	\$ 305,000	\$ 288,000
Component Unit School Board:			
Total OPEB liability	\$ 537,000	\$ 503,000	\$ 472,000

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2023

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 (5.75%)	Trend (6.75%)	1% Increase (7.75%)	
Primary Government:				
Total OPEB liability	\$ 284,000	\$ 305,000	\$ 327,000	
Component Unit School Board:				
Total OPEB liability	\$ 456,000	\$ 503,000	\$ 559,000	

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

For the year ended June 30, 2023, the County and the School Board recognized OPEB expense in the amount of \$42,000 and (\$27,000). At June 30, 2023, 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	\$ 15,000	\$ 8,000	\$ 5,000	\$ 106,000
Changes in assumptions	28,000	37,000	36,000	24,000
Employer contributions subsequent to the measurement date	44,000	-	22,000	-
Total	<u>\$ 87,000</u>	<u>\$ 45,000</u>	<u>\$ 63,000</u>	<u>\$ 130,000</u>

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2023

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>
2024	\$ 14,000	\$ (46,000)
2025	(4,000)	(27,000)
2026	(6,000)	(8,000)
2027	(5,000)	(8,000)
2028	(1,000)	-
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	\$ 68,909	\$ 70,338	\$ 303,071	\$ 1,922	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	12,855	14,814	52,619	(1,370)
School Board Professional	-	-	-	-	100,457	126,519	458,400	1,891
Health Insurance Credit Program (Note 16)	-	-	-	-	21,823	-	113,708	11,690
Teacher Health Insurance Credit Program (Note 17)	-	-	-	-	140,875	138,548	1,109,903	66,216
County Stand-Alone Plan (Note 18)	87,000	45,000	305,000	42,000	-	-	-	-
School Stand-Alone Plan (Note 18)	-	-	-	-	63,000	130,000	503,000	(27,000)
Totals	<u>\$ 155,909</u>	<u>\$ 115,338</u>	<u>\$ 608,071</u>	<u>\$ 43,922</u>	<u>\$ 339,010</u>	<u>\$ 409,881</u>	<u>\$ 2,237,630</u>	<u>\$ 51,427</u>

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COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2023

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 \$86,298 to the District 19 Community Services Board for the fiscal year ended June 30, 2023.

Note 21—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, 2023 was \$30,661.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2023

Note 22—Lease Receivable:

The County leases land and tower space to tenants under lease contracts. In fiscal year 2023, the County recognized lease and interest revenue in the amount of \$2,033,347 and \$670,611, 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
Celltower lease	July 2021	December 2036	Monthly	2.35%	\$ 243,807	\$ 28,290
Landfill lease	July 2021	December 2030	Monthly	1.51%	27,546,303	1,743,416
Total					<u>\$ 27,790,110</u>	<u>\$ 1,771,706</u>

There are no variable payments for the lease receivables above.

Expected future payments at June 30, 2023 are as follows:

Year Ending June 30,	Governmental Activities		
	Principal	Interest	Total
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	1,948,205	462,377	2,410,582
2029-2033	10,366,514	1,600,494	11,967,008
2034-2038	8,129,032	370,967	8,499,999
Total	<u>\$ 27,790,110</u>	<u>\$ 4,722,968</u>	<u>\$ 32,513,078</u>

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COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2023

Note 23—Adoption of Accounting Principles:

The County implemented provisions of Governmental Accounting Standards Board Statement No. 96, *Subscription-Based IT Arrangements (SBITAs)* during the fiscal year ended June 30, 2023. Statement No. 96, *SBITAs* requires recognition of certain subscription assets and liabilities for certain contracts that convey control of the right to use another party’s (a SBITA vendor’s) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. 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, 2022 related to the subscription(s):

	<u>Component Unit</u>
	<u>School Board</u>
Subscription assets	\$ 86,621
Subscription liabilities	\$ 86,621

Note 24—Upcoming Pronouncements:

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.

Implementation Guide No. 2021-1, *Implementation Guidance Update—2021*, with dates ranging from reporting periods beginning after June 15, 2022 to reporting periods beginning after June 15, 2023.

Implementation Guide No. 2023-1, *Implementation Guidance Update—2023*, effective for fiscal years beginning after June 15, 2023.

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

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2023

Note 24—Upcoming Pronouncements: (Continued)

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, 2022 and added \$81.9 billion to the ESF. In March 2023, 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.

County of Sussex, Virginia
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2023

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
REVENUES				
General property taxes	\$ 11,119,029	\$ 11,119,029	\$ 11,527,561	\$ 408,532
Other local taxes	1,513,074	1,513,074	1,708,235	195,161
Permits, privilege fees, and regulatory licenses	81,500	81,500	352,749	271,249
Fines and forfeitures	840,000	840,000	718,889	(121,111)
Revenue from the use of money and property	79,000	79,000	205,984	126,984
Charges for services	6,361,015	6,361,036	6,154,549	(206,487)
Miscellaneous	56,400	161,536	255,020	93,484
Recovered costs	859,546	859,546	765,371	(94,175)
Intergovernmental:				
Commonwealth	5,185,401	10,206,554	5,884,816	(4,321,738)
Federal	1,268,620	1,298,620	1,951,793	653,173
Total revenues	\$ 27,363,585	\$ 32,519,895	\$ 29,524,967	\$ (2,994,928)
EXPENDITURES				
Current:				
General government administration	\$ 2,519,322	\$ 8,668,871	\$ 3,218,315	\$ 5,450,556
Judicial administration	1,508,381	1,536,280	1,437,747	98,533
Public safety	8,526,571	10,935,900	9,732,129	1,203,771
Public works	1,019,447	1,662,538	1,376,487	286,051
Health and welfare	3,276,382	3,412,963	3,292,760	120,203
Education	7,750,121	7,750,121	8,389,652	(639,531)
Parks, recreation, and cultural	278,760	278,760	271,260	7,500
Community development	903,585	1,925,566	1,291,907	633,659
Debt service:				
Principal retirement	1,581,016	1,476,374	1,137,997	338,377
Interest and other fiscal charges	-	334,269	334,269	-
Total expenditures	\$ 27,363,585	\$ 37,981,642	\$ 30,482,523	\$ 7,499,119
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (5,461,747)	\$ (957,556)	\$ 4,504,191
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 773,083	\$ 551,640	\$ (221,443)
Transfers out	-	(2,000,000)	(2,000,000)	-
Issuance of assets under lease	-	15,634	15,634	-
Issuance of equipment loan	-	1,737,804	1,737,804	-
Total other financing sources (uses)	\$ -	\$ 526,521	\$ 305,078	\$ (221,443)
Net change in fund balances	\$ -	\$ (4,935,226)	\$ (652,478)	\$ 4,282,748
Fund balances - beginning	-	4,935,226	10,548,121	5,612,895
Fund balances - ending	\$ -	\$ -	\$ 9,895,643	\$ 9,895,643

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, 2022

	2022	2021	2020
Total pension liability			
Service cost	\$ 791,012	\$ 687,822	\$ 718,848
Interest	1,896,429	1,807,557	1,677,407
Changes of assumptions	-	588,721	-
Differences between expected and actual experience	(744,831)	(1,272,838)	767,994
Benefit payments	(1,313,270)	(1,258,032)	(1,214,175)
Net change in total pension liability	\$ 629,340	\$ 553,230	\$ 1,950,074
Total pension liability - beginning	27,960,863	27,407,633	25,457,559
Total pension liability - ending (a)	\$ 28,590,203	\$ 27,960,863	\$ 27,407,633
Plan fiduciary net position			
Contributions - employer	\$ 407,383	\$ 385,736	\$ 334,963
Contributions - employee	261,287	247,548	251,940
Net investment income	(32,389)	7,498,706	525,514
Benefit payments	(1,313,270)	(1,258,032)	(1,214,175)
Administrator charges	(21,465)	(18,770)	(18,116)
Other	791	705	(620)
Net change in plan fiduciary net position	\$ (697,663)	\$ 6,855,893	\$ (120,494)
Plan fiduciary net position - beginning	34,374,540	27,518,647	27,639,141
Plan fiduciary net position - ending (b)	\$ 33,676,877	\$ 34,374,540	\$ 27,518,647
County's net pension liability (asset) - ending (a) - (b)	\$ (5,086,674)	\$ (6,413,677)	\$ (111,014)
Plan fiduciary net position as a percentage of the total pension liability	117.79%	122.94%	100.41%
Covered payroll	\$ 5,459,076	\$ 5,193,157	\$ 5,192,869
County's net pension liability (asset) as a percentage of covered payroll	-93.18%	-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, 2022

	2022	2021	2020
Total pension liability			
Service cost	\$ 76,992	\$ 85,276	\$ 90,209
Interest	271,553	248,651	245,894
Changes of assumptions	-	125,487	-
Differences between expected and actual experience	56,491	12,207	(111,694)
Benefit payments	(228,098)	(190,553)	(176,564)
Net change in total pension liability	\$ 176,938	\$ 281,068	\$ 47,845
Total pension liability - beginning	4,060,070	3,779,002	3,731,157
Total pension liability - ending (a)	\$ 4,237,008	\$ 4,060,070	\$ 3,779,002
Plan fiduciary net position			
Contributions - employer	\$ 22,410	\$ 21,837	\$ 25,663
Contributions - employee	43,775	42,196	43,573
Net investment income	(4,190)	1,074,222	75,957
Benefit payments	(228,098)	(190,553)	(176,564)
Administrator charges	(3,085)	(2,724)	(2,628)
Other	111	101	(89)
Net change in plan fiduciary net position	\$ (169,077)	\$ 945,079	\$ (34,088)
Plan fiduciary net position - beginning	4,907,006	3,961,927	3,996,015
Plan fiduciary net position - ending (b)	\$ 4,737,929	\$ 4,907,006	\$ 3,961,927
School Division's net pension liability (asset) - ending (a) - (b)	\$ (500,921)	\$ (846,936)	\$ (182,925)
Plan fiduciary net position as a percentage of the total pension liability	111.82%	120.86%	104.84%
Covered payroll	\$ 947,946	\$ 898,431	\$ 923,134
School Division's net pension liability (asset) as a percentage of covered payroll	-52.84%	-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
<u>\$ 3,731,157</u>	<u>\$ 3,466,026</u>	<u>\$ 3,326,991</u>	<u>\$ 3,382,672</u>	<u>\$ 3,340,360</u>	<u>\$ 3,163,223</u>
\$ 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
<u>\$ 3,996,015</u>	<u>\$ 3,844,564</u>	<u>\$ 3,657,379</u>	<u>\$ 3,344,026</u>	<u>\$ 3,397,879</u>	<u>\$ 3,249,296</u>
\$ (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/CITY/TOWN OF XXXX, VIRGINIA

Schedule of Employer's Share of Net Pension Liability (Asset) VRS Teacher Retirement Plan
 For the Measurement Dates of June 30, 2014 through June 30, 2022

Date	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (3)/(4)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
(1)	(2)	(3)	(4)	(5)	(6)
2022	0.08979%	\$ 8,548,546	\$ 8,281,905	103.22%	82.61%
2021	0.09232%	7,166,892	8,086,073	88.63%	85.46%
2020	0.09520%	13,854,100	8,274,107	167.44%	71.47%
2019	0.09581%	12,609,141	7,959,969	158.41%	73.51%
2018	0.09814%	11,541,000	7,934,247	145.46%	74.81%
2017	0.09744%	11,983,000	7,652,585	156.59%	72.92%
2016	0.10150%	14,224,000	8,594,033	165.51%	68.28%
2015	0.09911%	12,474,000	7,368,917	169.28%	70.68%
2014	0.10465%	12,646,000	7,650,889	165.29%	70.88%

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

County of Sussex, Virginia
Schedule of Employer Contributions - Pension Plans
For the Years Ended June 30, 2014 through June 30, 2023

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					
2023	\$ 328,448	\$ 328,448	\$ -	\$ 6,023,607	5.45%
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%
Component Unit School Board (nonprofessional)					
2023	\$ 25,598	\$ 25,598	\$ -	\$ 1,201,590	2.13%
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%
Component Unit School Board (professional)					
2023	\$ 1,402,274	\$ 1,402,274	\$ -	\$ 8,704,881	16.11%
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%

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

County of Sussex, Virginia
Notes to Required Supplementary Information - Pension Plans
For the Year Ended June 30, 2023

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, 2021 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 2022

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:					
2022	0.02520% \$	303,071 \$	5,474,618	5.54%	67.21%
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):					
2022	0.00440% \$	52,619 \$	950,399	5.54%	67.21%
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):					
2022	0.03810% \$	458,400 \$	8,281,905	5.53%	67.21%
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, 2014 through June 30, 2023

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:					
2023	\$ 32,671	\$ 32,671	\$ -	\$ 6,050,204	0.54%
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%
Component Unit School Board (nonprofessional):					
2023	\$ 6,489	\$ 6,489	\$ -	\$ 1,201,590	0.54%
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%
Component Unit School Board (professional):					
2023	\$ 47,060	\$ 47,060	\$ -	\$ 8,714,824	0.54%
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%

County of Sussex, Virginia

Notes to Required Supplementary Information
 Group Life Insurance (GLI) Plan
 For the Year Ended June 30, 2023

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, 2021 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

County of Sussex, Virginia

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 through June 30, 2022

	2022	2021	2020
Total HIC OPEB Liability			
Service cost	\$ 2,213	\$ 1,266	\$ -
Interest	7,382	6,599	-
Changes in benefit terms	-	-	97,756
Differences between expected and actual experience	1,304	-	-
Changes of assumptions	7,576	2,634	-
Benefit payments	(2,198)	-	-
Net change in total HIC OPEB liability	\$ 16,277	\$ 10,499	\$ 97,756
Total HIC OPEB Liability - beginning	108,255	97,756	-
Total HIC OPEB Liability - ending (a)	\$ 124,532	\$ 108,255	\$ 97,756
Plan fiduciary net position			
Contributions - employer	\$ 6,351	\$ 6,020	\$ -
Net investment income	(126)	825	-
Benefit payments	(2,198)	-	-
Administrator charges	(21)	(27)	-
Net change in plan fiduciary net position	\$ 4,006	\$ 6,818	\$ -
Plan fiduciary net position - beginning	6,818	-	-
Plan fiduciary net position - ending (b)	\$ 10,824	\$ 6,818	\$ -
School Board's net HIC OPEB liability - ending (a) - (b)	\$ 113,708	\$ 101,437	\$ 97,756
Plan fiduciary net position as a percentage of the total HIC OPEB liability	8.69%	6.30%	0.00%
Covered payroll	\$ 947,946	\$ 898,431	\$ -
School Board's net HIC OPEB liability as a percentage of covered payroll	13.14%	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.

County of Sussex, Virginia

Schedule of Employer Contributions

Health Insurance Credit (HIC) Plan

Component Unit School Board (nonprofessional)

For the Years Ended June 30, 2021 through June 30, 2023

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)		
2023	\$ 13,338	\$ 13,338	\$ -	\$ 1,201,590		1.11%
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.

County of Sussex, Virginia

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, 2021, 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 June 30, 2022

Date	Employer's Proportion of the Net HIC OPEB Liability (Asset)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability
(1)	(2)	(3)	(4)	(5)	(6)
2022	0.08886%	\$ 1,109,903	\$ 8,281,905	13.40%	15.08%
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, 2014 through June 30, 2023

Date	Contributions in		Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
	Contractually Required Contribution (1)	Relation to Contractually Required Contribution (2)			
2023	\$ 105,329	\$ 105,329	\$ -	\$ 8,704,881	1.21%
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%

County of Sussex, Virginia
Notes to Required Supplementary Information
Teacher Employee Health Insurance Credit (HIC) Plan
For the Year Ended June 30, 2023

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, 2021 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
Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
Primary Government
For the Years Ended June 30, 2018 through June 30, 2023

	2023	2022	2021	2020	2019	2018
Total OPEB liability						
Service cost	\$ 20,000	\$ 14,000	\$ 12,000	\$ 13,000	\$ 13,000	\$ 17,000
Interest	7,000	9,000	11,000	10,000	9,000	9,000
Differences between expected and actual experience	(6,000)	(5,000)	8,000	69,000	14,000	(69,000)
Contributions - employer	(44,000)	(36,000)	(28,000)	(28,000)	(13,000)	(13,000)
Assumption changes	(47,000)	33,000	14,000	10,000	(2,000)	(12,000)
Net change in total OPEB liability	\$ (70,000)	\$ 15,000	\$ 17,000	\$ 74,000	\$ 21,000	\$ (68,000)
Total OPEB liability - beginning	375,000	360,000	343,000	269,000	248,000	316,000
Total OPEB liability - ending	\$ 305,000	\$ 375,000	\$ 360,000	\$ 343,000	\$ 269,000	\$ 248,000
 Covered-employee payroll	 \$ 5,680,000	 \$ 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	 5.37%	 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.

County of Sussex, Virginia
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, 2023

	2023	2022	2021	2020	2019	2018
Total OPEB liability						
Service cost	\$ 40,000	\$ 50,000	\$ 44,000	\$ 44,000	\$ 48,000	\$ 62,000
Interest	10,000	15,000	17,000	25,000	24,000	32,000
Differences between expected and actual experience	(10,000)	(162,000)	14,000	(184,000)	59,000	(419,000)
Contributions - employer	(22,000)	(35,000)	(43,000)	(43,000)	(36,000)	(18,000)
Assumption changes	(30,000)	53,000	28,000	17,000	(74,000)	(37,000)
Net change in total OPEB liability	\$ (12,000)	\$ (79,000)	\$ 60,000	\$ (141,000)	\$ 21,000	\$ (380,000)
Total OPEB liability - beginning	515,000	594,000	534,000	675,000	654,000	1,034,000
Total OPEB liability - ending	\$ 503,000	\$ 515,000	\$ 594,000	\$ 534,000	\$ 675,000	\$ 654,000
 Covered-employee payroll	 \$ 7,819,000	 \$ 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	 6.43%	 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, 2023

Valuation Date: 7/1/2021

Measurement Date: 7/1/2022

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	3.69% based on the Municipal GO AA 20-year yield curve rate as of measurement date
Inflation	Not available
Healthcare Trend Rate	6.75% for fiscal year end 2023, 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

Notes to Required Supplementary Information - Component Unit School Board OPEB

For the Year Ended June 30, 2023

Valuation Date: 7/1/2021

Measurement Date: 7/1/2022

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	3.69% based on the Municipal GO AA 20-year yield curve rate as of measurement date
Inflation	Not available
Healthcare Trend Rate	6.75% for fiscal year end 2023, 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, 2023

	<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	\$ 4,900	\$ 4,900	\$ 146,376	\$ 141,476
Intergovernmental:				
Commonwealth	-	308,950	-	(308,950)
Total revenues	\$ 4,900	\$ 313,850	\$ 146,376	\$ (167,474)
EXPENDITURES				
Current:				
Education	\$ -	\$ 27,000	\$ -	\$ 27,000
Capital projects	-	759,990	46,624	713,366
Debt service:				
Principal retirement	-	-	2,214,428	(2,214,428)
Total expenditures	\$ -	\$ 786,990	\$ 2,261,052	\$ (1,474,062)
Excess (deficiency) of revenues over (under) expenditures	\$ 4,900	\$ (473,140)	\$ (2,114,676)	\$ (1,641,536)
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 2,000,000	\$ 2,000,000	\$ -
Transfers out	(4,000)	(777,083)	(551,640)	225,443
Total other financing sources (uses)	\$ (4,000)	\$ 1,222,917	\$ 1,448,360	\$ 225,443
Net change in fund balances	\$ 900	\$ 749,777	\$ (666,316)	\$ (1,416,093)
Fund balances - beginning	(900)	(749,777)	7,312,619	8,062,396
Fund balances - ending	\$ -	\$ -	\$ 6,646,303	\$ 6,646,303

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, 2023

	County 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	\$ 50	\$ 256	\$ 645	\$ 389
Charges for services	1,200	1,200	1,140	(60)
Intergovernmental:				
Commonwealth	-	14,827	14,827	-
Total revenues	\$ 1,250	\$ 16,283	\$ 16,612	\$ 329
EXPENDITURES				
Current:				
Judicial administration	\$ 1,250	\$ 1,250	\$ -	\$ 1,250
Public safety	-	23,146	375	22,771
Total expenditures	\$ 1,250	\$ 24,396	\$ 375	\$ 24,021
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (8,113)	\$ 16,237	\$ 24,350
Net change in fund balances	\$ -	\$ (8,113)	\$ 16,237	\$ 24,350
Fund balances - beginning	-	8,113	41,132	33,019
Fund balances - ending	\$ -	\$ -	\$ 57,369	\$ 57,369

County of Sussex, Virginia
Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2023

Custodial Funds									
Special Welfare	Canteen	Jail		Robert Mitchell		Rotary		Richard Clements Moore III	
		Inmate	Scholarship	Scholarship	Scholarship	Scholarship	Scholarship	Total	
\$ 36,141	\$ 1,456	\$ 6,353	\$ 26,201	\$ 28,762	\$ 37,545	\$ 136,458			
\$ 36,141	\$ 1,456	\$ 6,353	\$ 26,201	\$ 28,762	\$ 37,545	\$ 136,458			
ASSETS									
Cash and cash equivalents									
Total assets									
NET POSITION									
Restricted for:									
Individuals									
Scholarships									
Total net position									

County of Sussex, Virginia
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2023

	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	\$ 38,601	\$ 3,965	\$ 43,730	\$ -	\$ -	\$ 1,000	\$ 87,296
Investment earnings:							
Interest	556	-	-	925	1,072	1,178	3,731
Total additions	<u>\$ 39,157</u>	<u>\$ 3,965</u>	<u>\$ 43,730</u>	<u>\$ 925</u>	<u>\$ 1,072</u>	<u>\$ 2,178</u>	<u>\$ 91,027</u>
DEDUCTIONS							
Scholarships	\$ -	\$ -	\$ -	\$ 800	\$ 3,000	\$ -	\$ 3,800
Bank charges	-	-	72	-	-	-	72
Recipient payments	23,643	6,086	39,230	-	-	-	68,959
Total deductions	<u>\$ 23,643</u>	<u>\$ 6,086</u>	<u>\$ 39,302</u>	<u>\$ 800</u>	<u>\$ 3,000</u>	<u>\$ -</u>	<u>\$ 72,831</u>
Net increase (decrease) in fiduciary net position	\$ 15,514	\$ (2,121)	\$ 4,428	\$ 125	\$ (1,928)	\$ 2,178	\$ 18,196
Net position - beginning	20,627	3,577	1,925	26,076	30,690	35,367	118,262
Net position - ending	<u>\$ 36,141</u>	<u>\$ 1,456</u>	<u>\$ 6,353</u>	<u>\$ 26,201</u>	<u>\$ 28,762</u>	<u>\$ 37,545</u>	<u>\$ 136,458</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, 2023

	School Operating Fund	School Special Revenue Fund	School Activity Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 298,974	\$ 397,811	\$ 44,094	\$ 740,879
Receivables (net of allowance for uncollectibles):				
Accounts receivable	11,194	1,534	-	12,728
Due from other governmental units	2,370,721	47,245	-	2,417,966
Total assets	<u>\$ 2,680,889</u>	<u>\$ 446,590</u>	<u>\$ 44,094</u>	<u>\$ 3,171,573</u>
LIABILITIES				
Accounts payable	392,214	4,786	\$ -	\$ 397,000
Accrued liabilities	1,369,860	79,138	-	1,448,998
Unearned revenue	156,681	-	-	156,681
Total liabilities	<u>\$ 1,918,755</u>	<u>\$ 83,924</u>	<u>\$ -</u>	<u>\$ 2,002,679</u>
FUND BALANCES				
Restricted for school construction	\$ 762,134	\$ -		\$ 762,134
Committed:				
School cafeteria fund	-	171,765	-	171,765
School textbook fund	-	190,901	-	190,901
School activity funds	-	-	44,094	44,094
Total fund balances	<u>\$ 762,134</u>	<u>\$ 362,666</u>	<u>\$ 44,094</u>	<u>\$ 1,168,894</u>
Total liabilities and fund balances	<u>\$ 2,680,889</u>	<u>\$ 446,590</u>	<u>\$ 44,094</u>	<u>\$ 3,171,573</u>

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

Total fund balances per above \$ 1,168,894

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	\$ 42,729,698	
Accumulated depreciation	<u>(20,022,245)</u>	22,707,453

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

Pension related items	\$ 2,293,791	
OPEB related items	339,010	2,632,801

The net pension asset is not an available resource and, therefore, is not reported in the funds. 500,921

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	\$ (2,237,630)	
Net pension liability	(8,548,546)	
Lease liabilities	(55,012)	
Subscription liabilities	(43,674)	
Compensated absences	<u>(331,440)</u>	(11,216,302)

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

Pension related items	\$ (2,432,542)	
OPEB related items	<u>(409,881)</u>	(2,842,423)

Net position of governmental activities \$ 12,951,344

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, 2023

	School Operating Fund	School Special Revenue Fund	School Activity Fund	Total Governmental Funds
REVENUES				
Revenue from the use of money and property	\$ 321	\$ 2,314	\$ -	\$ 2,635
Charges for services	-	106,988	-	106,988
Miscellaneous	203,910	-	165,813	369,723
Intergovernmental:				
Local government	8,388,701	-	-	8,388,701
Commonwealth	11,992,647	99,169	-	12,091,816
Federal	3,991,875	1,047,877	-	5,039,752
Total revenues	<u>\$ 24,577,454</u>	<u>\$ 1,256,348</u>	<u>\$ 165,813</u>	<u>\$ 25,999,615</u>
EXPENDITURES				
Current:				
Education	\$ 23,692,545	\$ 1,413,048	\$ 166,482	\$ 25,272,075
Debt service:				
Principal retirement	\$ 73,271	\$ -	\$ -	\$ 73,271
Interest and other fiscal charges	3,489	-	-	3,489
Total expenditures	<u>\$ 23,769,305</u>	<u>\$ 1,413,048</u>	<u>\$ 166,482</u>	<u>\$ 25,348,835</u>
Excess (deficiency) of revenues over (under) expenditures	\$ 808,149	\$ (156,700)	\$ (669)	\$ 650,780
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 46,015	\$ -	\$ 46,015
Transfers out	(46,015)	-	-	(46,015)
Total other financing sources (uses)	<u>\$ (46,015)</u>	<u>\$ 46,015</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	\$ 762,134	\$ (110,685)	\$ (669)	\$ 650,780
Fund balances - beginning	-	473,351	44,763	518,114
Fund balances - ending	<u>\$ 762,134</u>	<u>\$ 362,666</u>	<u>\$ 44,094</u>	<u>\$ 1,168,894</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				\$ 650,780
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			\$ 2,595,641	
Capital outlays			650,392	
Depreciation expense			<u>(1,414,511)</u>	1,831,522
Special contributions received from the Commonwealth for the teacher cost sharing pool are not reported in the governmental funds				397,205
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			\$ 30,324	
Principal retirement on subscription liabilities			<u>42,947</u>	73,271
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			\$ 10,216	
Pension expense			1,242,572	
OPEB expense			<u>159,382</u>	1,412,170
Change in net position of governmental activities				<u>\$ 4,364,948</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, 2023

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 1,000	\$ 1,000	\$ 321	\$ (679)
Miscellaneous	176,833	176,833	203,910	27,077
Intergovernmental:				
Local government	7,703,155	7,703,155	8,388,701	685,546
Commonwealth	12,181,433	12,181,433	11,992,647	(188,786)
Federal	3,831,186	3,831,186	3,991,875	160,689
Total revenues	\$ 23,893,607	\$ 23,893,607	\$ 24,577,454	\$ 683,847
EXPENDITURES				
Current:				
Education	\$ 23,893,607	\$ 23,893,607	\$ 23,692,545	\$ 201,062
Debt service:				
Principal retirement	-	-	73,271	(73,271)
Interest and other fiscal charges	-	-	3,489	(3,489)
Total expenditures	\$ 23,893,607	\$ 23,893,607	\$ 23,769,305	\$ 124,302
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 808,149	\$ 808,149
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ -	\$ -	\$ (46,015)	\$ 46,015
Total other financing sources (uses)	\$ -	\$ -	\$ (46,015)	\$ 46,015
Net change in fund balances	\$ -	\$ -	\$ 762,134	\$ 854,164
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ 762,134	\$ 854,164

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, 2023

	School Special Revenue Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 2,314	\$ 2,314
Charges for services	77,600	77,600	106,988	29,388
Miscellaneous	31,500	31,500	-	(31,500)
Intergovernmental:				
Commonwealth	118,138	118,138	99,169	(18,969)
Federal	735,000	803,545	1,047,877	244,332
Total revenues	<u>\$ 962,238</u>	<u>\$ 1,030,783</u>	<u>\$ 1,256,348</u>	<u>\$ 225,565</u>
EXPENDITURES				
Current:				
Education	\$ 1,008,253	\$ 1,076,798	\$ 1,413,048	\$ (336,250)
Total expenditures	<u>\$ 1,008,253</u>	<u>\$ 1,076,798</u>	<u>\$ 1,413,048</u>	<u>\$ (336,250)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (46,015)</u>	<u>\$ (46,015)</u>	<u>\$ (156,700)</u>	<u>\$ (110,685)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 46,015	\$ 46,015	\$ 46,015	\$ -
Total other financing sources (uses)	<u>\$ 46,015</u>	<u>\$ 46,015</u>	<u>\$ 46,015</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ -	\$ (110,685)	\$ (110,685)
Fund balances - beginning	-	-	473,351	473,351
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 362,666</u>	<u>\$ 362,666</u>

County of Sussex, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2023

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<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	\$ 5,683,934	\$ 5,683,934	\$ 5,570,165	\$ (113,769)
Real and personal public service corporation taxes	713,720	713,720	726,040	12,320
Personal property taxes	3,800,710	3,800,710	4,319,676	518,966
Mobile home taxes	12,831	12,831	8,715	(4,116)
Machinery and tools taxes	560,919	560,919	593,066	32,147
Merchants capital taxes	132,715	132,715	131,998	(717)
Penalties	115,000	115,000	99,625	(15,375)
Interest	99,200	99,200	78,276	(20,924)
Total general property taxes	<u>\$ 11,119,029</u>	<u>\$ 11,119,029</u>	<u>\$ 11,527,561</u>	<u>\$ 408,532</u>
Other local taxes:				
Local sales and use taxes	\$ 1,040,224	\$ 1,040,224	\$ 1,183,642	\$ 143,418
Consumers' utility taxes	93,000	93,000	93,213	213
Consumption tax	31,000	31,000	37,012	6,012
Business license taxes	39,050	39,050	64,466	25,416
Motor vehicle licenses	229,800	229,800	224,176	(5,624)
Transient occupancy taxes	80,000	80,000	105,726	25,726
Total other local taxes	<u>\$ 1,513,074</u>	<u>\$ 1,513,074</u>	<u>\$ 1,708,235</u>	<u>\$ 195,161</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 6,000	\$ 6,000	\$ 4,739	\$ (1,261)
Transfer fees	500	500	514	14
Permits and other licenses	75,000	75,000	347,496	272,496
Total permits, privilege fees, and regulatory licenses	<u>\$ 81,500</u>	<u>\$ 81,500</u>	<u>\$ 352,749</u>	<u>\$ 271,249</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 840,000	\$ 840,000	\$ 718,889	\$ (121,111)
Total fines and forfeitures	<u>\$ 840,000</u>	<u>\$ 840,000</u>	<u>\$ 718,889</u>	<u>\$ (121,111)</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 20,000	\$ 20,000	\$ 168,924	\$ 148,924
Revenue from use of property	59,000	59,000	37,060	(21,940)
Total revenue from use of money and property	<u>\$ 79,000</u>	<u>\$ 79,000</u>	<u>\$ 205,984</u>	<u>\$ 126,984</u>
Charges for services:				
Sheriff fees	\$ 665	\$ 686	\$ 901	\$ 215
Emergency medical services	300,000	300,000	6,821	(293,179)
Charges for court costs	1,950	1,950	1,285	(665)
Charges for Commonwealth's Attorney	1,800	1,800	882	(918)
Courthouse security fees	91,500	91,500	96,206	4,706
Charges for courthouse maintenance fees	17,500	17,500	17,982	482
Charges for correction and detention	3,600	3,600	3,241	(359)
Charges for other protection	10,000	10,000	7,538	(2,462)
Charges for sanitation and waste removal:				
Tipping fees	5,925,000	5,925,000	3,315,736	(2,609,264)

County of Sussex, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2023

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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Charges for services: (Continued)				
Charges for community development	\$ 9,000	\$ 9,000	\$ -	\$ (9,000)
Total charges for services	\$ 6,361,015	\$ 6,361,036	\$ 6,154,549	\$ (206,487)
Miscellaneous:				
Miscellaneous	\$ 56,400	\$ 161,536	\$ 255,020	\$ 93,484
Recovered costs:				
Wakefield sheriff patrol	\$ 69,384	\$ 69,384	\$ 70,107	\$ 723
Jurors	3,000	3,000	(42,670)	(45,670)
Jail clean up	10,000	10,000	-	(10,000)
Clerk of the circuit court	2,400	2,400	1,359	(1,041)
Radio maintenance	126,665	126,665	167,315	40,650
Waverly sheriff patrol	648,097	648,097	568,894	(79,203)
Other recovered costs	-	-	366	366
Total recovered costs	\$ 859,546	\$ 859,546	\$ 765,371	\$ (94,175)
Total revenue from local sources	\$ 20,909,564	\$ 21,014,721	\$ 21,688,358	\$ 673,637
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Rolling stock tax	\$ 78,000	\$ 78,000	\$ 85,353	\$ 7,353
Mobile home titling tax	15,000	15,000	30,451	15,451
Taxes on deeds	110,000	110,000	167,773	57,773
Motor vehicle rental tax	150	150	123	(27)
Payment in lieu of taxes-prison	28,500	28,500	35,296	6,796
Personal property tax relief funds	1,093,152	1,093,152	1,093,152	-
Communication taxes	130,000	130,000	121,618	(8,382)
Total noncategorical aid	\$ 1,454,802	\$ 1,454,802	\$ 1,533,766	\$ 78,964
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 267,000	\$ 269,058	\$ 279,126	\$ 10,068
Sheriff	1,461,000	1,461,000	1,523,680	62,680
Commissioner of revenue	88,053	88,053	92,056	4,003
Treasurer	96,555	96,555	99,877	3,322
Registrar/electoral board	54,048	54,048	66,084	12,036
Clerk of circuit court	228,243	228,243	267,025	38,782
Local jails	107,000	107,000	82,578	(24,422)
Total shared expenses	\$ 2,301,899	\$ 2,303,957	\$ 2,410,426	\$ 106,469

County of Sussex, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2023

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<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	\$ 590,794	\$ 590,794	\$ 526,462	\$ (64,332)
Fire programs fund	32,000	32,000	31,182	(818)
Comprehensive services act	597,000	683,203	756,554	73,351
Emergency medical services	10,000	10,000	14,769	4,769
Wireless funds	66,000	66,000	61,085	(4,915)
Victim-witness grant	106,196	106,196	28,145	(78,051)
Animal friendly plates	210	210	95	(115)
Timber sale	25,000	25,000	49,246	24,246
VATI telecommunications	-	4,896,892	266,044	(4,630,848)
School resource officer	-	-	65,234	65,234
Other state grants	1,500	37,500	141,808	104,308
Total other categorical aid	\$ 1,428,700	\$ 6,447,795	\$ 1,940,624	\$ (4,507,171)
Total categorical aid	\$ 3,730,599	\$ 8,751,752	\$ 4,351,050	\$ (4,400,702)
Total revenue from the Commonwealth	\$ 5,185,401	\$ 10,206,554	\$ 5,884,816	\$ (4,321,738)
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 1,268,620	\$ 1,268,620	\$ 1,130,478	\$ (138,142)
Victim-witness grant	-	-	65,673	65,673
Emergency management grant	-	-	28,775	28,775
American Rescue Plan Act	-	30,000	353,088	323,088
DHCD grant	-	-	373,779	373,779
Total categorical aid	\$ 1,268,620	\$ 1,298,620	\$ 1,951,793	\$ 653,173
Total revenue from the federal government	\$ 1,268,620	\$ 1,298,620	\$ 1,951,793	\$ 653,173
Total General Fund	\$ 27,363,585	\$ 32,519,895	\$ 29,524,967	\$ (2,994,928)
Special Revenue Fund:				
County Special Revenue Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 50	\$ 256	\$ 645	\$ 389
Total revenue from use of money and property	\$ 50	\$ 256	\$ 645	\$ 389
Charges for services:				
Law library fees	\$ 1,200	\$ 1,200	\$ 1,140	\$ (60)
Total charges for services	\$ 1,200	\$ 1,200	\$ 1,140	\$ (60)
Total revenue from local sources	\$ 1,250	\$ 1,456	\$ 1,785	\$ 329
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Forfeited assets	\$ -	\$ 14,827	\$ 14,827	\$ -
Total County Special Revenue Fund	\$ 1,250	\$ 16,283	\$ 16,612	\$ 329

County of Sussex, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2023

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<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	\$ 4,900	\$ 4,900	\$ 146,376	\$ 141,476
Total revenue from local sources	\$ 4,900	\$ 4,900	\$ 146,376	\$ 141,476
Capital Projects Fund: (Continued)				
County Capital Projects Fund: (Continued)				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Tobacco commission grants	\$ -	\$ 308,950	\$ -	\$ (308,950)
Total categorical aid	\$ -	\$ 308,950	\$ -	\$ (308,950)
Total revenue from the Commonwealth	\$ -	\$ 308,950	\$ -	\$ (308,950)
Total County Capital Projects Fund	\$ 4,900	\$ 313,850	\$ 146,376	\$ (167,474)
Total Primary Government	\$ 27,369,735	\$ 32,850,028	\$ 29,687,955	\$ (3,162,073)
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	\$ 321	\$ (679)
Total revenue from use of money and property	\$ 1,000	\$ 1,000	\$ 321	\$ (679)
Miscellaneous:				
Miscellaneous	\$ 176,833	\$ 176,833	\$ 203,910	\$ 27,077
Total miscellaneous	\$ 176,833	\$ 176,833	\$ 203,910	\$ 27,077
Total revenue from local sources	\$ 177,833	\$ 177,833	\$ 204,231	\$ 26,398
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Sussex	\$ 7,703,155	\$ 7,703,155	\$ 8,388,701	\$ 685,546
Total revenues from local governments	\$ 7,703,155	\$ 7,703,155	\$ 8,388,701	\$ 685,546
Share of state sales tax	\$ 1,643,624	\$ 1,643,624	\$ 1,704,750	\$ 61,126
Basic school aid	4,141,028	4,141,028	3,829,996	(311,032)
Remedial summer education	42,291	42,291	42,291	-
Regular foster care	70,761	70,761	-	(70,761)
Gifted and talented	36,534	36,534	34,944	(1,590)
Remedial education	236,169	236,169	225,891	(10,278)
Special education	543,449	543,449	519,798	(23,651)
Vocational education	232,907	232,907	229,635	(3,272)
School fringes	837,682	837,682	808,090	(29,592)
Early reading intervention	68,261	68,261	60,947	(7,314)
English as a second language	12,908	12,908	23,829	10,921

County of Sussex, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2023

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<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)				
School Operating Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
At risk payments	1,890,369	1,890,369	1,339,730	(550,639)
Standards of Learning algebra readiness	29,685	29,685	29,808	123
Primary class size	366,509	366,509	353,489	(13,020)
Educational technology	128,000	128,000	471,284	343,284
Homebound	4,177	4,177	8,894	4,717
Supplemental per pupil allocation	-	-	252,093	252,093
VPI	234,497	234,497	4,958	(229,539)
School construction	500,000	500,000	1,240,014	740,014
Hold harmless	330,247	330,247	394,706	64,459
Other state funds	832,335	832,335	417,500	(414,835)
Total revenue from the commonwealth	\$ 12,181,433	\$ 12,181,433	\$ 11,992,647	\$ (188,786)
Total revenue from the Commonwealth	12,181,433	12,181,433	11,992,647	(188,786)
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 562,050	\$ 562,050	\$ 404,275	\$ (157,775)
Title VI-B, special education flow-through	311,495	311,495	277,027	(34,468)
Vocational education	36,020	36,020	31,608	(4,412)
Title VI-B, special education pre-school	9,729	9,729	11,615	1,886
Rural education	25,162	25,162	23,458	(1,704)
Title II Part A	70,633	70,633	15,539	(55,094)
JROTC	90,000	90,000	87,638	(2,362)
ESSER	845,801	845,801	2,788,517	1,942,716
ARP ESSER	1,650,000	1,650,000	-	(1,650,000)
American Rescue Plan Act	189,575	189,575	323,305	133,730
Other federal funds	40,721	40,721	28,893	(11,828)
Total revenue from the federal government	\$ 3,831,186	\$ 3,831,186	\$ 3,991,875	\$ 160,689
Total School Operating Fund	\$ 23,893,607	\$ 23,893,607	\$ 24,577,454	\$ 683,847

County of Sussex, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2023

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<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	\$ -	\$ -	\$ 2,314	\$ 2,314
Total revenue from use of money and property	\$ -	\$ -	\$ 2,314	\$ 2,314
Charges for services:				
Cafeteria sales	\$ 77,600	\$ 77,600	\$ 106,988	\$ 29,388
Total charges for services	\$ 77,600	\$ 77,600	\$ 106,988	\$ 29,388
Miscellaneous revenue:				
Miscellaneous	\$ 31,500	\$ 31,500	\$ -	\$ (31,500)
Total miscellaneous revenue	\$ 31,500	\$ 31,500	\$ -	\$ (31,500)
Total revenue from local sources	\$ 109,100	\$ 109,100	\$ 109,302	\$ 202
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program	\$ 31,773	\$ 31,773	\$ 16,563	\$ (15,210)
Textbook payment	86,365	86,365	82,606	(3,759)
Total categorical aid	\$ 118,138	\$ 118,138	\$ 99,169	\$ (18,969)
Total revenue from the Commonwealth	\$ 118,138	\$ 118,138	\$ 99,169	\$ (18,969)
Revenue from the federal government:				
Categorical aid:				
School food program	\$ 735,000	\$ 735,000	\$ 976,197	\$ 241,197
Pandemic EBT	-	-	3,135	3,135
Commodities	-	68,545	68,545	-
Total categorical aid	\$ 735,000	\$ 803,545	\$ 1,047,877	\$ 244,332
Total revenue from the federal government	\$ 735,000	\$ 803,545	\$ 1,047,877	\$ 244,332
Total School Special Revenue Fund	\$ 962,238	\$ 1,030,783	\$ 1,256,348	\$ 225,565
School Activity Fund:				
Revenue from local sources:				
Miscellaneous:				
Miscellaneous	\$ -	\$ -	\$ 165,813	\$ 165,813
Total School Activity Fund	\$ -	\$ -	\$ 165,813	\$ 165,813
Total Discretely Presented Component Unit - School Board	\$ 24,855,845	\$ 24,924,390	\$ 25,999,615	\$ 1,075,225

County of Sussex, Virginia
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<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	\$ 158,051	\$ 168,687	\$ 137,858	\$ 30,829
General and financial administration:				
County administrator	\$ 1,092,488	\$ 7,006,377	\$ 1,672,871	\$ 5,333,506
Legal services	150,000	150,000	102,000	48,000
Commissioner of revenue	277,659	325,822	312,552	13,270
Treasurer	436,493	459,896	438,868	21,028
Central accounting	52,093	102,093	99,759	2,334
Other general and financial administration	105,000	207,143	238,019	(30,876)
Total general and financial administration	\$ 2,113,733	\$ 8,251,331	\$ 2,864,069	\$ 5,387,262
Board of elections:				
Electoral board and officials	\$ 247,538	\$ 248,853	\$ 216,388	\$ 32,465
Total general government administration	\$ 2,519,322	\$ 8,668,871	\$ 3,218,315	\$ 5,450,556
Judicial administration:				
Courts:				
Circuit court	\$ 36,785	\$ 54,638	\$ 62,403	\$ (7,765)
General district court	45,186	45,186	37,323	7,863
Special magistrates	4,140	4,140	1,609	2,531
Juvenile and domestic relations court	12,050	24,312	-	24,312
Sheriff	229,484	225,932	183,144	42,788
Victim witness	106,196	105,474	99,886	5,588
Clerk of the circuit court	457,126	457,126	444,269	12,857
Total courts	\$ 890,967	\$ 916,808	\$ 828,634	\$ 88,174
Commonwealth's attorney:				
Commonwealth's attorney	\$ 617,414	\$ 619,472	\$ 609,113	\$ 10,359
Total commonwealth's attorney	\$ 617,414	\$ 619,472	\$ 609,113	\$ 10,359
Total judicial administration	\$ 1,508,381	\$ 1,536,280	\$ 1,437,747	\$ 98,533
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 3,200,597	\$ 3,456,978	\$ 2,838,874	\$ 618,104
School resource officer grant	198,334	198,515	198,374	141
911 services	265,122	253,122	166,247	86,875
Wakefield operations	69,384	69,384	60,917	8,467
Total law enforcement and traffic control	\$ 3,733,437	\$ 3,977,999	\$ 3,264,412	\$ 713,587
Fire and rescue services:				
Fire department	\$ 217,500	\$ 414,279	\$ 350,020	\$ 64,259
Ambulance and rescue services	1,165,338	2,942,336	2,929,232	13,104
Forest fire extinction services	25,000	25,000	23,067	1,933
Emergency services	607,087	651,732	565,523	86,209
Total fire and rescue services	\$ 2,014,925	\$ 4,033,347	\$ 3,867,842	\$ 165,505

County of Sussex, Virginia
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<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	\$ 1,963,957	\$ 1,975,198	\$ 1,749,532	\$ 225,666
Crater youth care commission	154,954	154,954	154,954	-
Total correction and detention	<u>\$ 2,118,911</u>	<u>\$ 2,130,152</u>	<u>\$ 1,904,486</u>	<u>\$ 225,666</u>
Inspections:				
Building	\$ 251,077	\$ 251,077	\$ 143,541	\$ 107,536
Total inspections	<u>\$ 251,077</u>	<u>\$ 251,077</u>	<u>\$ 143,541</u>	<u>\$ 107,536</u>
Other protection:				
Animal control	\$ 408,221	\$ 543,325	\$ 551,848	\$ (8,523)
Total other protection	<u>\$ 408,221</u>	<u>\$ 543,325</u>	<u>\$ 551,848</u>	<u>\$ (8,523)</u>
Total public safety	<u>\$ 8,526,571</u>	<u>\$ 10,935,900</u>	<u>\$ 9,732,129</u>	<u>\$ 1,203,771</u>
Public works:				
Sanitation and waste removal:				
Refuse disposal	\$ 132,255	\$ 202,440	\$ 143,476	\$ 58,964
Total sanitation and waste removal	<u>\$ 132,255</u>	<u>\$ 202,440</u>	<u>\$ 143,476</u>	<u>\$ 58,964</u>
Maintenance of general buildings and grounds:				
General properties	\$ 589,995	\$ 1,162,901	\$ 925,731	\$ 237,170
General works	297,197	297,197	307,280	(10,083)
Total maintenance of general buildings and grounds	<u>\$ 887,192</u>	<u>\$ 1,460,098</u>	<u>\$ 1,233,011</u>	<u>\$ 227,087</u>
Total public works	<u>\$ 1,019,447</u>	<u>\$ 1,662,538</u>	<u>\$ 1,376,487</u>	<u>\$ 286,051</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 148,317	\$ 148,317	\$ 131,724	\$ 16,593
Total health	<u>\$ 148,317</u>	<u>\$ 148,317</u>	<u>\$ 131,724</u>	<u>\$ 16,593</u>
Mental health and mental retardation:				
Community services board	\$ 86,298	\$ 86,298	\$ 86,298	-
Total mental health and mental retardation	<u>\$ 86,298</u>	<u>\$ 86,298</u>	<u>\$ 86,298</u>	<u>-</u>
Welfare:				
Public assistance and welfare administration	\$ 2,148,767	\$ 2,148,767	\$ 1,832,152	\$ 316,615
Area agency on aging	114,000	114,000	114,000	-
Other social services	2,000	2,000	2,000	-
Children's services act	777,000	913,581	1,126,586	(213,005)
Total welfare	<u>\$ 3,041,767</u>	<u>\$ 3,178,348</u>	<u>\$ 3,074,738</u>	<u>\$ 103,610</u>
Total health and welfare	<u>\$ 3,276,382</u>	<u>\$ 3,412,963</u>	<u>\$ 3,292,760</u>	<u>\$ 120,203</u>

County of Sussex, Virginia
Schedule of Expenditures - Budget and Actual
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<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	\$ 951	\$ 951	\$ 951	\$ -
Contribution to County School Board	7,749,170	7,749,170	8,388,701	(639,531)
Total education	<u>\$ 7,750,121</u>	<u>\$ 7,750,121</u>	<u>\$ 8,389,652</u>	<u>\$ (639,531)</u>
 Parks, recreation, and cultural:				
Parks and recreation:				
Recreation center	\$ 69,500	\$ 69,500	\$ 63,500	\$ 6,000
Total parks and recreation	<u>\$ 69,500</u>	<u>\$ 69,500</u>	<u>\$ 63,500</u>	<u>\$ 6,000</u>
 Cultural enrichment:				
Wakefield foundation	\$ 17,500	\$ 17,500	\$ 17,500	\$ -
Carpenter museum	1,500	1,500	-	1,500
Total cultural enrichment	<u>\$ 19,000</u>	<u>\$ 19,000</u>	<u>\$ 17,500</u>	<u>\$ 1,500</u>
 Library:				
Contribution to regional library	\$ 190,260	\$ 190,260	\$ 190,260	\$ -
Total library	<u>\$ 190,260</u>	<u>\$ 190,260</u>	<u>\$ 190,260</u>	<u>\$ -</u>
 Total parks, recreation, and cultural	<u>\$ 278,760</u>	<u>\$ 278,760</u>	<u>\$ 271,260</u>	<u>\$ 7,500</u>
 Community development:				
Planning and community development:				
Planning and zoning	\$ 232,553	\$ 232,553	\$ 233,625	\$ (1,072)
Industrial development authority	-	62,500	50,000	12,500
Planning district commission	8,771	8,771	8,771	-
Virginia's gateway region	47,166	47,166	47,166	-
Crater small business development	1,500	1,500	1,500	-
Housing assistance and other	-	860,056	337,585	522,471
Total planning and community development	<u>\$ 289,990</u>	<u>\$ 1,212,546</u>	<u>\$ 678,647</u>	<u>\$ 533,899</u>
 Environmental management:				
Contribution to soil and water conservation district	\$ -	\$ -	\$ 7,415	\$ (7,415)
Environmental inspection	100	100	3,504	(3,404)
Convenience centers	529,680	628,925	537,834	91,091
Other environmental management	1,276	1,276	1,276	-
Total environmental management	<u>\$ 531,056</u>	<u>\$ 630,301</u>	<u>\$ 550,029</u>	<u>\$ 80,272</u>
 Cooperative extension program:				
Extension office	\$ 82,539	\$ 82,719	\$ 63,231	\$ 19,488
Total cooperative extension program	<u>\$ 82,539</u>	<u>\$ 82,719</u>	<u>\$ 63,231</u>	<u>\$ 19,488</u>
 Total community development	<u>\$ 903,585</u>	<u>\$ 1,925,566</u>	<u>\$ 1,291,907</u>	<u>\$ 633,659</u>
 Debt service:				
Principal retirement	\$ 1,581,016	\$ 1,476,374	\$ 1,137,997	\$ 338,377
Interest and other fiscal charges	-	334,269	334,269	-
Total debt service	<u>\$ 1,581,016</u>	<u>\$ 1,810,643</u>	<u>\$ 1,472,266</u>	<u>\$ 338,377</u>
 Total General Fund	<u><u>\$ 27,363,585</u></u>	<u><u>\$ 37,981,642</u></u>	<u><u>\$ 30,482,523</u></u>	<u><u>\$ 7,499,119</u></u>

County of Sussex, Virginia
Schedule of Expenditures - Budget and Actual
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<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	\$ 1,250	\$ 1,250	\$ -	\$ 1,250
Total judicial administration	\$ 1,250	\$ 1,250	\$ -	\$ 1,250
Public Safety:				
Other Protection:				
Forfeited assets	\$ -	\$ 23,146	\$ 375	\$ 22,771
Total County Special Revenue Fund	\$ 1,250	\$ 24,396	\$ 375	\$ 24,021
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	-	405,000	1,000	404,000
Carpet replacement	-	12,538	-	12,538
Judicial complex HVAC	-	56,765	-	56,765
Jail upgrades	-	147,000	-	147,000
NG911 upgrade	-	56,322	36,999	19,323
Waverly radio tower	-	20,000	-	20,000
Vehicle replacement	-	53,740	-	53,740
Total capital projects	\$ -	\$ 759,990	\$ 46,624	\$ 713,366
Debt service:				
Principal retirement	\$ -	\$ -	\$ 2,214,428	\$ (2,214,428)
Total debt service	\$ -	\$ -	\$ 2,214,428	\$ (2,214,428)
Total County Capital Projects Fund	\$ -	\$ 786,990	\$ 2,261,052	\$ (1,474,062)
Total Primary Government	\$ 27,364,835	\$ 38,793,028	\$ 32,743,950	\$ 6,049,078
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Education:				
Administration, health, and attendance	\$ 1,647,405	\$ 1,647,405	\$ 2,106,396	\$ (458,991)
Instruction costs	18,068,484	18,068,484	15,676,658	2,391,826
Pupil transportation	1,645,041	1,645,041	2,436,015	(790,974)
Operation and maintenance of school plant	2,532,677	2,532,677	3,473,476	(940,799)
Total education	\$ 23,893,607	\$ 23,893,607	\$ 23,692,545	\$ 201,062
Debt service:				
Principal retirement	\$ -	\$ -	\$ 73,271	\$ (73,271)
Interest and other fiscal charges	-	-	3,489	(3,489)
Total debt service	\$ -	\$ -	\$ 76,760	\$ (76,760)
Total School Operating Fund	\$ 23,893,607	\$ 23,893,607	\$ 23,769,305	\$ 124,302

County of Sussex, Virginia
Schedule of Expenditures - Budget and Actual
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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
Special Revenue Funds:				
School Special Revenue Fund:				
Education:				
Textbooks	\$ 132,380	\$ 132,380	\$ 94,423	\$ 37,957
Commodities	-	68,545	68,545	-
School food services	875,873	875,873	1,250,080	(374,207)
Total School Special Revenue Fund	\$ 1,008,253	\$ 1,076,798	\$ 1,413,048	\$ (336,250)
School Activity Fund				
Education:				
Instruction costs	\$ -	\$ -	\$ 166,482	\$ (166,482)
Total School Activity Fund	\$ -	\$ -	\$ 166,482	\$ (166,482)
Total Discretely Presented Component Unit - School Board	\$ 24,901,860	\$ 24,970,405	\$ 25,348,835	\$ (378,430)

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
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
2023	3,239,597	1,486,062	7,012,831	1,325,941	3,199,367	11,217,857	276,958	1,289,668	95,025	29,143,306

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	Grants and Contributions						
				General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings		Miscellaneous	Not Restricted to Specific Programs	
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	
2023	7,263,711	6,388,155	-	11,872,907	1,708,235	316,621	255,020	1,533,766	29,338,415	

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
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
2023	3,218,315	1,437,747	9,732,504	1,376,487	3,292,760	25,273,026	271,260	1,291,907	1,549,026	47,443,032

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

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

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

Table 4

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

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental (2)	Total
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
2023	11,527,561	1,708,235	352,749	718,889	209,264	6,262,677	624,743	765,371	24,983,004	47,152,493

(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
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%
2023	12,884,247	12,228,973	94.91%	213,839	12,442,812	96.57%	932,713	7.24%

(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
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
2023	1,174,965,899	114,769,601	40,053,466	13,201,318	138,770,878	1,236,182	1,482,997,344

(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
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
2022	0.48	0.48	4.85	2.43	1.00

(1) Per \$100 of assessed value.

Table 8

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

Fiscal Year	Population (1)	Assessed Value (2)	Gross Bonded Debt (3)	Less:		Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
				Debt Service Monies Available	Debt Assumed by Other Localities			
2014	12,087	\$ 1,102,888,318	\$ 19,700,315	\$ 1,348,239	\$ -	\$ 18,352,076	1.66%	\$ 1,518
2015	12,087	1,105,952,813	18,354,370	1,550,661	-	16,803,709	1.52%	1,390
2016	12,087	1,106,430,070	17,008,425	1,757,978	-	15,250,447	1.38%	1,262
2017	12,087	1,095,578,825	15,662,479	1,970,750	-	13,691,729	1.25%	1,133
2018	12,087	1,101,676,924	14,316,533	2,187,916	-	12,128,617	1.10%	1,003
2019	12,087	1,137,928,100	12,970,587	2,410,430	-	10,560,157	0.93%	874
2020	12,087	1,155,715,924	11,624,641	2,638,624	-	8,986,017	0.78%	743
2021	12,087	1,150,827,386	9,571,695	1,816,711	-	7,754,984	0.67%	642
2022	10,829	1,142,023,601	8,689,492	1,971,191	-	6,718,301	0.59%	620
2023	10,829	1,482,997,344	5,446,709	1,971,191	-	3,475,518	0.23%	321

(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, 2023, 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 9, 2024.

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, Fournier, Cox Associates

Richmond, Virginia
January 9, 2024



**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, 2023. 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 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, 2023.

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, Fenn, Cox Associates

Richmond, Virginia
January 9, 2024

County of Sussex, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

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	1110122/23	\$ 60
Title IV-E Prevention Program	93.472	1140122/23	2,510
MaryLee Allen Promoting Safe and Stable Families Program	93.556	0950121/22	24,501
Temporary Assistance for Needy Families	93.558	0400122/23	166,204
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	0500122/23	800
Low Income Home Energy Assistance	93.568	0600422/23	34,363
Child Care Mandatory and Matching Funds of the Child Care Development Fund (CCDF Cluster)	93.596	0760122/23	38,860
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900121/22	262
Foster Care - Title IV-E	93.658	1100122/23	135,772
Adoption Assistance	93.659	1120122/23	37,720
Social Services Block Grant	93.667	1000122/23	203,951
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150121/22	1,725
Elder Abuse Prevention Interventions Program	93.747	8000321	1,467
Children's Health Insurance Program	93.767	0540122/23	1,296
Medical Assistance Program (Medicaid Cluster)	93.778	1200122/23	163,596
Total Department of Health and Human Services			<u>\$ 813,087</u>
Department of Homeland Security:			
Pass-Through Payments:			
Virginia Department of Emergency Management:			
Hazard Mitigation Grant	97.039	unavailable	<u>\$ 28,775</u>
Department of Agriculture:			
Pass-Through Payments:			
Virginia Department of Agriculture and Consumer Services:			
Food Distribution (Child Nutrition Cluster)	10.559	17901	\$ 1,064
Summer Food Service Program for Children (Child Nutrition Cluster)	10.559	17901	31,158
Total ALN 10.559			<u>\$ 32,222</u>
Virginia Department of Agriculture and Consumer Services:			
Food Distribution (Child Nutrition Cluster)	10.555	17901-45707	<u>\$ 67,481</u>
Department of Education:			
National School Lunch Program (Child Nutrition Cluster)	10.555	17901-40623	\$ 646,609
Total CFDA# 10.555			<u>\$ 714,090</u>
School Breakfast Program (Child Nutrition Cluster)	10.553	17901-40591	\$ 282,563
Fresh Fruit and Vegetable Program (Child Nutrition Cluster)	10.582	17901-40599	15,866
Total Child Nutrition Cluster			<u>\$ 1,044,741</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	3,135
Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP Cluster)	10.561	0010122/23/0040122/23	<u>317,391</u>
Total Department of Agriculture			<u>\$ 1,365,267</u>

County of Sussex, Virginia
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2023

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	\$ 65,673
Department of Housing and urban Development:			
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	\$ 373,779
Department of Education:			
Pass-Through Payments:			
Virginia Department of Education:			
Title I Grants to Local Educational Agencies	84.010	17901-42901	\$ 404,275
Special Education - Grants to States (Special Education Cluster)	84.027	17901-43071	\$ 277,027
Special Education - Preschool Grants (Special Education Cluster)	84.173	17901-62521	11,615
Total Special Education Cluster			288,642
Career and Technical Education - Basic Grants to States	84.048	17901-61095	31,609
Rural Education	84.358	17901-43481	23,458
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	17901-61480	15,539
COVID-19 - Governor's Emergency Education Relief (GEER) Fund	84.425C	17901-60177	\$ 29,980
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	17901-60177	933,977
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	17901-60177	1,824,560
Student Support and Academic Enrichment Program	84.424	17901-60281	28,893
Total Department of Education			\$ 3,580,933
Department of Treasury:			
Pass Through Payments:			
Virginia Department of Accounts:			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	unavailable	\$ 676,393
Department of Defense:			
Direct Payments:			
JROTC	12.xxx	N/A	\$ 87,638
Total Expenditures of Federal Awards			\$ 6,991,545

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, 2023

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, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of the County of Sussex, Virginia, it is not intended to be and does not present the financial position, changes in net position, or cash flows of the County of Sussex, Virginia.

Note 2 - Summary of Significant Accounting Policies

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

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

Note 3 - Food Donation

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

Note 4 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund	\$ 1,951,793
Total primary government	\$ <u>1,951,793</u>

Component Unit School Board:

School Operating Fund	\$ 3,991,875
School Special Revenue Fund	1,047,877
Total Component Unit School Board	\$ <u>5,039,752</u>
Total federal expenditures per basic financial statements	\$ <u><u>6,991,545</u></u>

Total federal expenditures per the Schedule of Expenditures
of Federal Awards

\$ 6,991,545

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, 2023

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>
84.425	COVID-19 Education Stabilization Fund (ESF)
10.553/10.555/10.559/10.582	Child Nutrition Cluster

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

Auditee qualified as low-risk auditee? ✓ yes no

Section II-Financial Statement Findings

None

Section III-Federal Award Findings and Questioned Costs

None

County of Sussex, Virginia

**Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023**

There were no prior year audit findings.