

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

**COUNTY OF RUSSELL, VIRGINIA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2022**

TABLE OF CONTENTS

INTRODUCTORY SECTION

| | | |
|---|--|------------------|
| List of Elected and Appointed Officials | | <u>Page</u> 1 |
|---|--|------------------|

FINANCIAL SECTION

| | | |
|------------------------------------|--|-----|
| Independent Auditors' Report | | 2-5 |
|------------------------------------|--|-----|

| | <u>Exhibit</u> | <u>Page</u> |
|---|----------------|-------------|
| Basic Financial Statements: | | |
| Government-wide Financial Statements: | | |
| Statement of Net Position | 1 | 6-7 |
| Statement of Activities | 2 | 8 |
| Fund Financial Statements: | | |
| Balance Sheet - Governmental Funds | 3 | 9 |
| Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position | 4 | 10 |
| Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds | 5 | 11 |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities | 6 | 12 |
| Statement of Net Position - Proprietary Funds | 7 | 13 |
| Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds | 8 | 14 |
| Statement of Cash Flows - Proprietary Funds | 9 | 15 |
| Statement of Fiduciary Net Position - Fiduciary Funds | 10 | 16 |
| Statement of Changes in Fiduciary Net Position - Fiduciary Funds | 11 | 17 |
| Notes to the Financial Statements | | 18-96 |

Required Supplementary Information:

| | | |
|--|----|-----|
| Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual General Fund | 12 | 97 |
| Special Revenue Fund - Coal Road Fund | 13 | 98 |
| Special Revenue Fund - CARES Fund | 14 | 99 |
| Special Revenue Fund - ARPA Fund | 15 | 100 |
| Schedule of Employer's Proportionate Share of Net Pension Liability..... | 16 | 101 |
| Schedule of Changes in Net Pension Liability and Related Ratios - Component Unit School Board (nonprofessional) | 17 | 102 |
| Schedule of Employer Contributions - Pension Plans | 18 | 106 |
| Notes to Required Supplementary Information - Pension Plans | 19 | 104 |
| Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios - Primary Government | 20 | 105 |

**COUNTY OF RUSSELL, VIRGINIA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2022**

TABLE OF CONTENTS (CONTINUED)

FINANCIAL SECTION (CONTINUED)

| | <u>Exhibit</u> | <u>Page</u> |
|---|-----------------|-------------|
| Required Supplementary Information: (Continued) | | |
| Notes to Required Supplementary Information - County OPEB | 21 | 106 |
| Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios - Component Unit School Board | 22 | 107 |
| Notes to Required Supplementary Information - School OPEB | 23 | 108 |
| Schedule of Employer's Share of Net OPEB Liability - Group Life Insurance Plan | 24 | 109 |
| Schedule of Employer Contributions - Group Life Insurance Plan | 25 | 110 |
| Notes to Required Supplementary Information - Group Life Insurance Plan | 26 | 111 |
| Schedule of Changes in Employer's Net OPEB Liability and Related Ratios - Primary Government - Health Insurance Credit Plan | 27 | 112 |
| Schedule of Changes in Employer's Net OPEB Liability and Related Ratios - Component Unit School Board (nonprofessional) - Health Insurance Credit Plan | 28 | 113 |
| Schedule of Employer Contributions - Health Insurance Credit Plan | 29 | 114 |
| Notes to Required Supplementary Information - Health Insurance Credit Plan | 30 | 115 |
| Schedule of School Board's Share of Net OPEB Liability - Teacher Employee Health Insurance Credit Plan | 31 | 116 |
| Schedule of Employer Contributions - Teacher Employee Health Insurance Credit Plan .. | 32 | 117 |
| Notes to Required Supplementary Information - Teacher Employee Health Insurance Credit Plan | 33 | 118 |
| Schedule of Employer's Share of Net LODA OPEB Liability | 34 | 119 |
| Schedule of Employer Contribution - LODA | 35 | 120 |
| Notes to Required Supplementary Information - LODA..... | 36 | 121 |
| Other Supplementary Information: | | |
| Discretely Presented Component Unit - School Board: | | |
| Balance Sheet - Governmental Funds..... | 37 | 122 |
| Statement of Revenues, Expenditures, and Changes in Fund Balances -- Governmental Funds | 38 | 123 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual | 39 | 124 |
| | <u>Schedule</u> | <u>Page</u> |
| Supporting Schedules: | | |
| Schedule of Revenues - Budget and Actual - Governmental Funds | 1 | 125-129 |
| Schedule of Expenditures - Budget and Actual - Governmental Funds | 2 | 130-133 |

**COUNTY OF RUSSELL, VIRGINIA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2022**

TABLE OF CONTENTS (CONTINUED)

FINANCIAL SECTION (CONTINUED)

Other Statistical Information:

| | <u>Table</u> | <u>Page</u> |
|--|--------------|-------------|
| Government-wide Information: | | |
| Government-Wide Expenses by Function | 1 | 134 |
| Government-Wide Revenues | 2 | 135 |
| Fund Information: | | |
| General Governmental Expenditures by Function | 3 | 136 |
| General Governmental Revenues by Source | 4 | 137 |
| Property Tax Levies and Collections | 5 | 138 |
| Assessed Value of Taxable Property | 6 | 139 |
| Property Tax Rates | 7 | 140 |
| Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita | 8 | 141 |
| Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Governmental Expenditures..... | 9 | 142 |

COMPLIANCE SECTION

| | <u>Page</u> |
|---|-------------|
| Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 143-144 |
| Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance | 145-147 |
| Schedule of Expenditures of Federal Awards | 148-149 |
| Schedule of Findings and Questioned Costs | 150-152 |
| Summary Schedule of Prior Audit Findings | 153 |

INTRODUCTORY SECTION

COUNTY OF RUSSELL, VIRGINIA

BOARD OF SUPERVISORS

| | |
|-------------------------------|----------------|
| Lou Wallace, Chairman | |
| Oris Christian, Vice Chairman | Rebecca Dye |
| David Eaton | Steve Breeding |
| Carl Rhea | Tim Lovelace |

COUNTY SCHOOL BOARD

| | |
|----------------------------|---------------------|
| Cynthia Compton, Chairman | |
| Kip Parsons, Vice Chairman | Tim Ball |
| Wayne Bostic | Linda Garrett |
| Bob Gibson | Alex Zachwieja, Jr. |

SOCIAL SERVICES BOARD

| | |
|-------------------------------|--------------|
| Brain Ferguson, Chairman | |
| Andrew Hensley, Vice Chairman | Rebecca Dye |
| Sharon Owens | Donnie Ramey |

OTHER OFFICIALS

| | |
|----------------------------------|----------------------|
| Clerk of the Circuit Court..... | Ann S. McReynolds |
| Commonwealth's Attorney..... | Zack A. Stoots |
| Commissioner of the Revenue..... | Randy N. Williams |
| Treasurer..... | Alicia McGlothlin |
| Sheriff..... | Steve Dye |
| Superintendent of Schools..... | Dr. Gregory A. Brown |
| Director of Social Services..... | Patrick Brunty |
| County Administrator..... | Lonzo Lester |
| County Attorney..... | M. Katherine Patton |

FINANCIAL SECTION



Independent Auditors' Report

**To the Honorable Members of
the Board of Supervisors
County of Russell, Virginia**

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Russell, Virginia, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of County of Russell, 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 26 to the financial statements, in 2022, the County adopted new accounting guidance, GASB Statement Nos. 87, *Leases*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about County of Russell, 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 Russell, 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 Russell, 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 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.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise County of Russell, 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 introductory and statistical sections 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 August 2, 2023, on our consideration of County of Russell, 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 Russell, 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 Russell, Virginia's internal control over financial reporting and compliance.

Polina, Faver, Cox Associates

Blacksburg, Virginia
August 2, 2023

Basic Financial Statements

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

| | Primary Government | | |
|--|----------------------------|-----------------------------|---------------|
| | Governmental Activities | Business-type Activities | Total |
| ASSETS | | | |
| Cash and cash equivalents | \$ 16,163,851 | \$ 4,131 | \$ 16,167,982 |
| Cash in custody of others | - | - | - |
| Receivables (net of allowance for uncollectibles): | | | |
| Taxes receivable | 9,259,768 | - | 9,259,768 |
| Accounts receivable | 2,150,682 | 11,642 | 2,162,324 |
| Other receivables | - | - | - |
| Rent receivable | - | - | - |
| Grants receivable | - | - | - |
| Interest receivable | - | 96 | 96 |
| Notes receivable | - | - | - |
| Lease receivable - current portion | - | - | - |
| Lease-purchase receivable - current portion | - | - | - |
| Due from component unit | 200,000 | - | 200,000 |
| Due from other governmental units | 1,790,836 | - | 1,790,836 |
| Internal balances | (764) | 764 | - |
| Inventories | - | - | - |
| Prepaid items | - | - | - |
| Restricted assets: | | | |
| Cash and cash equivalents | 13,009,799 | 49,575 | 13,059,374 |
| Investments | 607 | - | 607 |
| Noncurrent assets: | | | |
| Net pension asset | - | - | - |
| Note receivable - net of current portion | - | - | - |
| Lease receivable - net of current portion | - | - | - |
| Lease-purchase receivable - net of current portion | - | - | - |
| Capital assets (net of accumulated depreciation/amortization): | | | |
| Land | 701,353 | - | 701,353 |
| Land improvements | - | - | - |
| Buildings and improvements | 14,242,922 | - | 14,242,922 |
| Machinery and equipment | 1,728,548 | 1 | 1,728,549 |
| Utility plant in service | - | 2,075,455 | 2,075,455 |
| Construction in progress | 5,164,406 | - | 5,164,406 |
| Total assets | \$ 64,412,008 | \$ 2,141,664 | \$ 66,553,672 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Pension related items | \$ 2,023,335 | \$ 18 | \$ 2,023,353 |
| OPEB related items | 1,273,993 | - | 1,273,993 |
| Total deferred outflows of resources | \$ 3,297,328 | \$ 18 | \$ 3,297,346 |
| LIABILITIES | | | |
| Accounts payable | \$ 1,382,447 | \$ 16,415 | \$ 1,398,862 |
| Construction payables | 957,582 | - | 957,582 |
| Accrued liabilities | - | - | - |
| Customer deposits | - | - | - |
| Unearned revenue | 4,489,319 | - | 4,489,319 |
| Accrued interest payable | 127,934 | 1,245 | 129,179 |
| Due to component unit | 309,583 | - | 309,583 |
| Long-term liabilities: | | | |
| Due within one year | 2,139,339 | 27,416 | 2,166,755 |
| Due in more than one year | 35,861,258 | 477,444 | 36,338,702 |
| Total liabilities | \$ 45,267,462 | \$ 522,520 | \$ 45,789,982 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred revenue - property taxes | \$ 5,546,985 | \$ - | \$ 5,546,985 |
| Pension related items | 3,747,890 | 5,583 | 3,753,473 |
| OPEB related items | 930,826 | - | 930,826 |
| Lease receivable related items | - | - | - |
| Total deferred inflows of resources | \$ 10,225,701 | \$ 5,583 | \$ 10,231,284 |
| NET POSITION | | | |
| Net investment in capital assets | \$ 6,023,741 | \$ 1,570,596 | \$ 7,594,337 |
| Restricted: | | | |
| Coal Road | 836,423 | - | 836,423 |
| Construction | - | - | - |
| Asset forfeiture funds | 193,933 | - | 193,933 |
| Energy Lease Project | 607 | - | 607 |
| Debt service and bond covenants | - | 49,575 | 49,575 |
| Environmental waste | - | - | - |
| Opioid settlement | 1,245,589 | - | 1,245,589 |
| Unrestricted (deficit) | 3,915,880 | (6,592) | 3,909,288 |
| Total net position (deficit) | \$ 12,216,173 | \$ 1,613,579 | \$ 13,829,752 |

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

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

| | Component Units | | |
|--|-----------------|----------------------------------|---|
| | School Board | Industrial Development Authority | Russell County Public Service Authority |
| ASSETS | | | |
| Cash and cash equivalents | \$ 2,297,057 | \$ 300,513 | \$ 314,000 |
| Cash in custody of others | 782,239 | - | - |
| Receivables (net of allowance for uncollectibles): | | | |
| Taxes receivable | - | - | - |
| Accounts receivable | 87,660 | - | 743,796 |
| Other receivables | - | 8,224 | - |
| Rent receivable | - | 70,579 | - |
| Grants receivable | - | 234,312 | 121,742 |
| Interest receivable | - | 290,106 | - |
| Notes receivable - current portion | - | 4,100 | - |
| Lease receivable - current portion | - | 925,517 | - |
| Lease-purchase receivable - current portion | - | 1,468,471 | - |
| Due from primary government | 309,583 | - | - |
| Due from other governmental units | 1,357,858 | - | - |
| Internal balances | - | - | - |
| Inventories | - | - | 75,756 |
| Prepaid items | 764,367 | - | - |
| Restricted assets: | | | |
| Cash and cash equivalents | - | - | 529,616 |
| Investments | - | - | - |
| Noncurrent assets: | | | |
| Net pension asset | - | - | 249,544 |
| Note receivable - net of current portion | - | 11,539 | - |
| Lease receivable - net of current portion | - | 2,470,550 | - |
| Lease-purchase receivable - net of current portion | - | 6,710,597 | - |
| Capital assets (net of accumulated depreciation/amortization): | | | |
| Land | 5,628,295 | 4,795,198 | 240,411 |
| Land improvements | - | 1,400,101 | 14,250 |
| Buildings and improvements | 10,619,854 | 10,259,426 | 483,699 |
| Machinery and equipment | 2,605,294 | 26,104 | 4,175,299 |
| Utility plant in service | - | - | 22,589,206 |
| Construction in progress | 7,795,752 | 6,756,720 | 1,702,770 |
| Total assets | \$ 32,247,959 | \$ 35,732,057 | \$ 31,240,089 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Pension related items | \$ 7,330,211 | \$ - | \$ 186,602 |
| OPEB related items | 3,225,927 | - | 27,514 |
| Total deferred outflows of resources | \$ 10,556,138 | \$ - | \$ 214,116 |
| LIABILITIES | | | |
| Accounts payable | \$ 834,132 | \$ 291,967 | \$ 280,820 |
| Construction payables | - | 473,383 | - |
| Accrued liabilities | 1,086,820 | 4,427 | 55,427 |
| Customer deposits | - | - | 118,158 |
| Unearned revenue | - | - | - |
| Accrued interest payable | - | 124,166 | 66,593 |
| Due to primary government | - | 200,000 | - |
| Long-term liabilities: | | | |
| Due within one year | 980,192 | 4,739,026 | 623,136 |
| Due in more than one year | 39,527,301 | 18,444,853 | 14,481,286 |
| Total liabilities | \$ 42,428,445 | \$ 24,277,822 | \$ 15,625,420 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred revenue - property taxes | \$ - | \$ - | \$ - |
| Pension related items | 14,883,127 | - | 252,953 |
| OPEB related items | 1,599,052 | - | 35,404 |
| Lease receivable related items | - | 3,261,388 | - |
| Total deferred inflows of resources | \$ 16,482,179 | \$ 3,261,388 | \$ 288,357 |
| NET POSITION | | | |
| Net investment in capital assets | \$ 26,247,081 | \$ 8,232,738 | \$ 14,222,431 |
| Restricted: | | | |
| Coal Road | - | - | - |
| Construction | - | - | 56,675 |
| Asset forfeiture funds | - | - | - |
| Energy Lease Project | - | - | - |
| Debt service and bond covenants | - | - | 176,185 |
| Environmental waste | - | - | 296,756 |
| Opioid settlement | - | - | - |
| Unrestricted (deficit) | (42,353,608) | (39,891) | 788,381 |
| Total net position (deficit) | \$ (16,106,527) | \$ 8,192,847 | \$ 15,540,428 |

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

County of Russell, Virginia
Statement of Activities
For the Year Ended June 30, 2022

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | | | | | |
|--|---------------|----------------------|------------------------------------|----------------------------------|---|---|-----------------|-----------------|--|---|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Primary Government Business-type Activities | Total | School Board | Component Units Industrial Development Authority | Russell County Public Service Authority |
| PRIMARY GOVERNMENT: | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government administration | \$ 2,787,627 | \$ - | \$ 773,488 | \$ - | \$ (2,014,139) | \$ - | \$ (2,014,139) | | | |
| Judicial administration | 2,904,085 | 15,320 | 888,207 | - | (2,000,558) | - | (2,000,558) | | | |
| Public safety | 6,244,012 | 96,532 | 2,304,029 | - | (3,843,451) | - | (3,843,451) | | | |
| Public works | 4,049,727 | 188,303 | 78,804 | - | (3,782,620) | - | (3,782,620) | | | |
| Health and welfare | 7,491,558 | - | 6,411,827 | - | (1,079,731) | - | (1,079,731) | | | |
| Education | 10,503,873 | - | - | - | (10,503,873) | - | (10,503,873) | | | |
| Parks, recreation, and cultural | 505,537 | 7,608 | 90,649 | - | (407,280) | - | (407,280) | | | |
| Community development | 885,795 | 9,824 | 361,464 | - | (514,507) | - | (514,507) | | | |
| Interest on long-term debt | 619,729 | - | - | - | (619,729) | - | (619,729) | | | |
| Total governmental activities | \$ 35,991,943 | \$ 317,587 | \$ 10,908,468 | \$ - | \$ (24,765,888) | \$ - | \$ (24,765,888) | | | |
| Business-type activities: | | | | | | | | | | |
| Dante Sewer | \$ 299,989 | \$ 114,414 | \$ - | \$ - | \$ - | \$ (185,575) | \$ (185,575) | | | |
| Total primary government | \$ 36,291,932 | \$ 432,001 | \$ 10,908,468 | \$ - | \$ (24,765,888) | \$ (185,575) | \$ (24,951,463) | | | |
| COMPONENT UNITS: | | | | | | | | | | |
| School Board | \$ 48,058,263 | \$ 1,934,750 | \$ 47,392,120 | \$ - | | | \$ 1,268,607 | \$ - | \$ - | |
| Industrial Development Authority | 5,177,301 | - | - | - | | | - | (5,177,301) | - | |
| Russell County Public Service Authority | 4,092,221 | 3,362,565 | - | 615,659 | | | - | - | (113,997) | |
| Total component units | \$ 57,327,785 | \$ 5,297,315 | \$ 47,392,120 | \$ 615,659 | | | \$ 1,268,607 | \$ (5,177,301) | \$ (113,997) | |
| General revenues: | | | | | | | | | | |
| General property taxes | | | | | \$ 12,256,262 | \$ - | \$ 12,256,262 | \$ - | \$ - | \$ - |
| Other local taxes: | | | | | | | | | | |
| Local sales and use taxes | | | | | 2,234,678 | - | 2,234,678 | - | - | - |
| Coal road and severance taxes | | | | | 1,031,770 | - | 1,031,770 | - | - | - |
| Consumers' utility taxes | | | | | 522,412 | - | 522,412 | - | - | - |
| Consumption taxes | | | | | 72,701 | - | 72,701 | - | - | - |
| Grantee tax | | | | | 108,498 | - | 108,498 | - | - | - |
| Other local taxes | | | | | 385,212 | - | 385,212 | - | - | - |
| Unrestricted revenues from use of money and property | | | | | 116,235 | - | 116,235 | 4,607 | 1,711,913 | 1,886 |
| Miscellaneous | | | | | 1,457,633 | - | 1,457,633 | 351,799 | 10,242 | - |
| Payments from the County of Russell, Virginia | | | | | - | - | - | 10,267,199 | - | 370,257 |
| Grants and contributions not restricted to specific programs | | | | | 2,253,930 | - | 2,253,930 | - | 2,282,470 | - |
| Gain on sale of capital assets | | | | | 408,650 | - | 408,650 | - | 14,210 | - |
| Transfers | | | | | (90,206) | 90,206 | - | - | - | (27,278) |
| Total general revenues and transfers | | | | | \$ 20,757,775 | \$ 90,206 | \$ 20,847,981 | \$ 10,623,605 | \$ 4,018,835 | \$ 344,865 |
| Change in net position | | | | | \$ (4,008,113) | \$ (95,369) | \$ (4,103,482) | \$ 11,892,212 | \$ (1,158,466) | \$ 230,868 |
| Net position (deficit) - beginning | | | | | 16,224,286 | 1,708,948 | 17,933,234 | (27,998,739) | 9,351,313 | 15,309,560 |
| Net position (deficit) - ending | | | | | \$ 12,216,173 | \$ 1,613,579 | \$ 13,829,752 | \$ (16,106,527) | \$ 8,192,847 | \$ 15,540,428 |

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

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

| | <u>General</u> | <u>Coal Road</u> | <u>CARES</u> | <u>ARPA</u> | <u>Other Governmental Fund</u> | <u>Total</u> |
|---|----------------------|-------------------|--------------------|---------------------|--------------------------------|----------------------|
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ 5,184,595 | \$ - | \$ - | \$ 4,454,319 | \$ 10,904 | \$ 9,649,818 |
| Receivables (net of allowance for uncollectibles): | | | | | | |
| Taxes receivable | 9,259,768 | - | - | - | - | 9,259,768 |
| Accounts receivable | 1,448,072 | 73,825 | - | - | - | 1,521,897 |
| Due from other funds | 86,164 | - | - | - | - | 86,164 |
| Due from component unit | 200,000 | - | - | - | - | 200,000 |
| Due from other governmental units | 1,790,836 | - | - | - | - | 1,790,836 |
| Restricted assets: | | | | | | |
| Cash and cash equivalents | 12,222,452 | 787,347 | - | - | - | 13,009,799 |
| Investments | 607 | - | - | - | - | 607 |
| Total assets | <u>\$ 30,192,494</u> | <u>\$ 861,172</u> | <u>\$ -</u> | <u>\$ 4,454,319</u> | <u>\$ 10,904</u> | <u>\$ 35,518,889</u> |
| LIABILITIES | | | | | | |
| Accounts payable | \$ 524,156 | \$ 24,749 | \$ - | \$ - | \$ - | \$ 548,905 |
| Construction payables | 957,582 | - | - | - | - | 957,582 |
| Reconciled overdraft | - | - | 12,673 | - | - | 12,673 |
| Unearned revenue | 35,000 | - | - | 4,454,319 | - | 4,489,319 |
| Due to other funds | 764 | - | 86,164 | - | - | 86,928 |
| Due to component unit | 309,583 | - | - | - | - | 309,583 |
| Total liabilities | <u>\$ 1,827,085</u> | <u>\$ 24,749</u> | <u>\$ 98,837</u> | <u>\$ 4,454,319</u> | <u>\$ -</u> | <u>\$ 6,404,990</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Unavailable revenue - property taxes | \$ 8,768,492 | \$ - | \$ - | \$ - | \$ - | \$ 8,768,492 |
| Unavailable revenue - opioid settlement | 1,202,323 | - | - | - | - | 1,202,323 |
| Total deferred inflows of resources | <u>\$ 9,970,815</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 9,970,815</u> |
| FUND BALANCES | | | | | | |
| Restricted: | | | | | | |
| Coal Road | \$ - | \$ 836,423 | \$ - | \$ - | \$ - | \$ 836,423 |
| Courthouse construction | 11,070,937 | - | - | - | - | 11,070,937 |
| Asset forfeiture funds | 193,933 | - | - | - | - | 193,933 |
| Energy Lease Project | 607 | - | - | - | - | 607 |
| Opioid Settlement | 43,266 | - | - | - | - | 43,266 |
| Assigned: | | | | | | |
| Sheriff Funds | 42,023 | - | - | - | - | 42,023 |
| Library Donations | 53,141 | - | - | - | - | 53,141 |
| Road Improvements | 87,287 | - | - | - | - | 87,287 |
| Law Library | 61,150 | - | - | - | - | 61,150 |
| Commonwealth Attorney | 500 | - | - | - | - | 500 |
| Housing | 12,124 | - | - | - | - | 12,124 |
| Health and Fitness | 8,247 | - | - | - | - | 8,247 |
| Other purposes | 13,312 | - | - | - | - | 13,312 |
| Unassigned | 6,808,067 | - | (98,837) | - | 10,904 | 6,720,134 |
| Total fund balances | <u>\$ 18,394,594</u> | <u>\$ 836,423</u> | <u>\$ (98,837)</u> | <u>\$ -</u> | <u>\$ 10,904</u> | <u>\$ 19,143,084</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 30,192,494</u> | <u>\$ 861,172</u> | <u>\$ -</u> | <u>\$ 4,454,319</u> | <u>\$ 10,904</u> | <u>\$ 35,518,889</u> |

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

County of Russell, Virginia
 Reconciliation of the Balance Sheet of Governmental Funds
 To the Statement of Net Position
 June 30, 2022

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

| | | |
|--|----|------------|
| Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds | \$ | 19,143,084 |
|--|----|------------|

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

| | | | |
|----------------------------|----|------------|------------|
| Land | \$ | 701,353 | |
| Buildings and improvements | | 14,242,922 | |
| Machinery and equipment | | 1,728,548 | |
| Construction in progress | | 5,164,406 | |
| | | 21,837,229 | 21,837,229 |

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

| | | | |
|---|----|-----------|-----------|
| Unavailable revenue - property taxes | \$ | 3,221,507 | |
| Unavailable revenue - opioid settlement | | 1,202,323 | |
| | | 4,423,830 | 4,423,830 |

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

| | | | |
|-----------------------|----|-----------|-----------|
| Pension related items | \$ | 2,023,335 | |
| OPEB related items | | 1,273,993 | |
| | | 3,297,328 | 3,297,328 |

Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.

6,321,949

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

| | | | |
|--|----|--------------|--------------|
| Bonds and literary loans | \$ | (22,148,079) | |
| Lease liabilities | | (3,204,641) | |
| Finance purchases | | (4,738,456) | |
| Unamortized premium | | (115,275) | |
| Accrued interest payable | | (127,934) | |
| Landfill accrued closure and postclosure liability | | (315,976) | |
| Net OPEB liabilities | | (3,179,970) | |
| Compensated absences | | (547,064) | |
| Net pension liability | | (3,751,136) | |
| | | (38,128,531) | (38,128,531) |

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

| | | | |
|-----------------------|----|-------------|-------------|
| Pension related items | \$ | (3,747,890) | |
| OPEB related items | | (930,826) | |
| | | (4,678,716) | (4,678,716) |

| | | |
|---|----|------------|
| Net position of governmental activities | \$ | 12,216,173 |
|---|----|------------|

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

County of Russell, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds
 For the Year Ended June 30, 2022

| | General | Coal Road | CARES | ARPA | Other Government Fund | Total |
|--|-----------------------|-------------------|---------------------|--------------------|--------------------------|-----------------------|
| REVENUES | | | | | | |
| General property taxes | \$ 16,579,875 | \$ - | \$ - | \$ - | \$ - | \$ 16,579,875 |
| Other local taxes | 3,839,387 | 515,884 | - | - | - | 4,355,271 |
| Permits, privilege fees, and regulatory licenses | 43,484 | - | - | - | - | 43,484 |
| Fines and forfeitures | 10,279 | - | - | - | - | 10,279 |
| Revenue from the use of money and property | 105,765 | 4,598 | 3,396 | - | - | 113,759 |
| Charges for services | 263,824 | - | - | - | - | 263,824 |
| Miscellaneous | 255,310 | - | - | - | - | 255,310 |
| Recovered costs | 1,206,570 | - | - | - | - | 1,206,570 |
| Intergovernmental: | | | | | | |
| Commonwealth | 8,969,598 | - | - | 709,700 | - | 9,679,298 |
| Federal | 3,465,402 | - | 17,698 | - | - | 3,483,100 |
| Total revenues | <u>\$ 34,739,494</u> | <u>\$ 520,482</u> | <u>\$ 21,094</u> | <u>\$ 709,700</u> | <u>\$ -</u> | <u>\$ 35,990,770</u> |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| General government administration | \$ 2,288,123 | \$ - | \$ - | \$ 311,695 | \$ - | \$ 2,599,818 |
| Judicial administration | 2,946,289 | - | - | - | - | 2,946,289 |
| Public safety | 6,567,080 | - | - | 286,089 | - | 6,853,169 |
| Public works | 2,921,766 | 225,158 | - | 62,579 | - | 3,209,503 |
| Health and welfare | 7,436,738 | - | 171,657 | - | - | 7,608,395 |
| Education | 8,717,736 | - | - | - | - | 8,717,736 |
| Parks, recreation, and cultural | 559,426 | - | - | - | - | 559,426 |
| Community development | 913,658 | - | - | - | - | 913,658 |
| Nondepartmental | 316,149 | - | - | - | - | 316,149 |
| Capital projects | 4,286,977 | - | - | - | - | 4,286,977 |
| Debt service: | | | | | | |
| Principal retirement | 1,860,240 | - | - | - | - | 1,860,240 |
| Interest and other fiscal charges | 647,911 | - | - | - | - | 647,911 |
| Total expenditures | <u>\$ 39,462,093</u> | <u>\$ 225,158</u> | <u>\$ 171,657</u> | <u>\$ 660,363</u> | <u>\$ -</u> | <u>\$ 40,519,271</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>\$ (4,722,599)</u> | <u>\$ 295,324</u> | <u>\$ (150,563)</u> | <u>\$ 49,337</u> | <u>\$ -</u> | <u>\$ (4,528,501)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers out | \$ (92,595) | \$ - | \$ - | \$ (51,726) | \$ - | \$ (144,321) |
| Transfers in | - | - | 51,726 | 2,389 | - | 54,115 |
| Issuance of general obligation bonds | 16,015,000 | - | - | - | - | 16,015,000 |
| Proceeds from lease purchases | 76,829 | - | - | - | - | 76,829 |
| Sale of capital assets | 408,650 | - | - | - | - | 408,650 |
| Total other financing sources (uses) | <u>\$ 16,407,884</u> | <u>\$ -</u> | <u>\$ 51,726</u> | <u>\$ (49,337)</u> | <u>\$ -</u> | <u>\$ 16,410,273</u> |
| Net change in fund balances | \$ 11,685,285 | \$ 295,324 | \$ (98,837) | \$ - | \$ - | \$ 11,881,772 |
| Fund balances - beginning | 6,709,309 | 541,099 | - | - | 10,904 | 7,261,312 |
| Fund balances - ending | <u>\$ 18,394,594</u> | <u>\$ 836,423</u> | <u>\$ (98,837)</u> | <u>\$ -</u> | <u>\$ 10,904</u> | <u>\$ 19,143,084</u> |

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

County of Russell, Virginia
 Reconciliation of the Statement of Revenues,
 Expenditures, and Changes in Fund Balances of Governmental Funds
 To the Statement of Activities
 For the Year Ended June 30, 2022

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

Net change in fund balances - total governmental funds \$ 11,881,772

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/amortization expense. This is the amount by which capital outlays exceeded depreciation/amortization in the current period.

| | | |
|--|--------------------|-----------|
| Capital outlay | \$ 4,901,661 | |
| Reversion of assets back to the School Board (net) | (1,083,832) | |
| Depreciation/amortization expense | <u>(1,939,950)</u> | 1,877,879 |

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase (decrease) net assets. (133,348)

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

| | | |
|------------------------|------------------|-------------|
| Property taxes | \$ (4,323,613) | |
| Opioid sttlement funds | <u>1,202,323</u> | (3,121,290) |

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 obligations 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.

| | | |
|---|-----------------|--------------|
| Issuance of long-term obligations: | | |
| Revenue bonds | \$ (16,015,000) | |
| Lease liabilities | (76,829) | |
| Principal Payments: | | |
| Bonds, literary loans, and notes | 822,964 | |
| Lease liabilities | 672,495 | |
| Finance purchases | 364,781 | |
| Decrease (increase) in estimated liability: | | |
| Landfill closure and postclosure liability | <u>(13,896)</u> | (14,245,485) |

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.

| | | |
|---|------------------|-----------|
| (Increase) decrease in compensated absences | \$ 25,046 | |
| (Increase) decrease in accrued interest payable | 11,378 | |
| Change in OPEB related items | (162,579) | |
| Amortization of bond premiums | 16,804 | |
| Change in pension related items | <u>(159,183)</u> | (268,534) |

Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities. 893

Change in net position of governmental activities \$ (4,008,113)

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

County of Russell, Virginia
Statement of Net Position
Proprietary Funds
June 30, 2022

| | Enterprise Fund | Internal Service Fund |
|--|--------------------|--------------------------|
| | Dante Fund | Self Health Insurance |
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 4,131 | \$ 6,526,706 |
| Interest receivable | 96 | - |
| Accounts receivable, net of allowance for uncollectibles | 11,642 | 628,785 |
| Due from other funds | 764 | - |
| Total current assets | \$ 16,633 | \$ 7,155,491 |
| Noncurrent assets: | | |
| Restricted assets: | | |
| Cash and cash equivalents (in custody of others) | \$ 49,575 | \$ - |
| Capital assets: | | |
| Utility plant in service | \$ 5,240,699 | \$ - |
| Machinery and equipment | 8,148 | - |
| Less accumulated depreciation | (3,173,391) | - |
| Total capital assets | \$ 2,075,456 | \$ - |
| Total noncurrent assets | \$ 2,125,031 | \$ - |
| Total assets | \$ 2,141,664 | \$ 7,155,491 |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Pension related items | \$ 18 | \$ - |
| LIABILITIES | | |
| Current liabilities: | | |
| Accounts payable | \$ 16,415 | \$ 833,542 |
| Accrued interest payable | 1,245 | - |
| Revenue bonds - current portion | 27,416 | - |
| Total current liabilities | \$ 45,076 | \$ 833,542 |
| Noncurrent liabilities: | | |
| Revenue bonds - net of current portion | \$ 477,444 | \$ - |
| Total noncurrent liabilities | \$ 477,444 | \$ - |
| Total liabilities | \$ 522,520 | \$ 833,542 |
| DEFERRED INFLOWS OF RESOURCES | | |
| Pension related items | \$ 5,583 | \$ - |
| NET POSITION | | |
| Net investment in capital assets | \$ 1,570,596 | \$ - |
| Restricted for debt service and bond covenants | 49,575 | - |
| Unrestricted | (6,592) | 6,321,949 |
| Total net position | \$ 1,613,579 | \$ 6,321,949 |

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

County of Russell, Virginia
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2022

| | Enterprise Fund | Internal Service Fund |
|---|---------------------|--------------------------|
| | Dante Fund | Self Health Insurance |
| OPERATING REVENUES | | |
| Charges for services: | | |
| Sewer revenues | \$ 114,414 | \$ - |
| Insurance premiums | - | 7,969,098 |
| Total operating revenues | <u>\$ 114,414</u> | <u>\$ 7,969,098</u> |
| OPERATING EXPENSES | | |
| Pension expense | \$ (11,520) | \$ - |
| Professional services | 28,294 | \$ - |
| Utilities | 1,503 | - |
| Materials and supplies | 91,068 | - |
| Office expenses | 12,463 | - |
| Repairs and maintenance | 0 | - |
| Insurance claims and expenses | - | 7,970,681 |
| Depreciation | 133,281 | - |
| Total operating expenses | <u>\$ 255,089</u> | <u>\$ 7,970,681</u> |
| Operating income (loss) | <u>\$ (140,675)</u> | <u>\$ (1,583)</u> |
| NONOPERATING REVENUES (EXPENSES) | | |
| Investment income | \$ - | \$ 2,476 |
| Contribution to Castlewood PSA | (21,600) | - |
| Interest expense | (23,300) | - |
| Total nonoperating revenues (expenses) | <u>\$ (44,900)</u> | <u>\$ 2,476</u> |
| Income (loss) before transfers | <u>\$ (185,575)</u> | <u>\$ 893</u> |
| Transfers in | \$ 90,206 | \$ - |
| Change in net position | <u>\$ (95,369)</u> | <u>\$ 893</u> |
| Total net position - beginning | 1,708,948 | 6,321,056 |
| Total net position - ending | <u>\$ 1,613,579</u> | <u>\$ 6,321,949</u> |

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

County of Russell, Virginia
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2022

| | Enterprise Fund Dante Fund | Internal Service Fund Self Health Insurance |
|---|-------------------------------------|--|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Receipts from customers and users | \$ 118,382 | \$ - |
| Receipts for insurance premiums | - | 8,108,885 |
| Payments to suppliers | (137,418) | - |
| Payments to employees | 2 | - |
| Payments for premiums | - | (7,685,779) |
| Net cash provided by (used for) operating activities | <u>\$ (19,034)</u> | <u>\$ 423,106</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | |
| Transfers from other funds | \$ 90,206 | \$ - |
| Net cash provided by (used for) noncapital financing activities | <u>\$ 90,206</u> | <u>\$ -</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Principal payments on bonds | \$ (26,208) | \$ - |
| Contribution to Castlewood PSA | (21,600) | - |
| Interest payments | (23,364) | - |
| Net cash provided by (used for) capital and related financing activities | <u>\$ (71,172)</u> | <u>\$ -</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Interest income | \$ - | \$ 2,476 |
| Net increase (decrease) in cash and cash equivalents | \$ - | \$ 425,582 |
| Cash and cash equivalents - beginning (including restricted of \$49,575) | 53,706 | 6,101,124 |
| Cash and cash equivalents - ending (including restricted of \$49,575) | <u>\$ 53,706</u> | <u>\$ 6,526,706</u> |
| Reconciliation of operating income (loss) to net cash provided by (used for) operating activities: | | |
| Operating income (loss) | \$ (140,675) | \$ (1,583) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities: | | |
| Depreciation | \$ 133,281 | \$ - |
| (Increase) decrease in accounts receivable | (992) | 139,787 |
| (Increase) decrease in deferred outflows of resources | 809 | - |
| (Increase) decrease in due from other funds | 4,960 | - |
| Increase (decrease) in accounts payable | (4,090) | 284,902 |
| Increase (decrease) in deferred inflows of resources | (12,327) | - |
| Total adjustments | <u>\$ 121,641</u> | <u>\$ 424,689</u> |
| Net cash provided by (used for) operating activities | <u>\$ (19,034)</u> | <u>\$ 423,106</u> |

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

FIDUCIARY FUNDS

Special Welfare - The Special Welfare fund accounts for those funds belonging to individuals entrusted to the local social services agency, such as foster care children.

VASAP - The VASAP fund accounts for those funds belonging to the Southwest Virginia Alcohol Safety Action Program. The County is the fiscal agent for this program.

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

| | Custodial Funds | |
|---------------------------------|--------------------|-----------|
| | Special Welfare | VASAP |
| ASSETS | | |
| Cash and cash equivalents | \$ 58,585 | \$ 13,613 |
| Due from other governments | - | 20,389 |
| Total assets | \$ 58,585 | \$ 34,002 |
| LIABILITIES | | |
| Accounts payable | \$ - | \$ 7,097 |
| Total liabilities | \$ - | \$ 7,097 |
| NET POSITION | | |
| Restricted for: | | |
| Held for social services client | \$ 58,585 | \$ - |
| Held for VASAP | - | 26,905 |
| Total net position | \$ 58,585 | \$ 26,905 |

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

County of Russell, Virginia
 Statement of Changes in Fiduciary Net Position
 Fiduciary Funds
 June 30, 2022

| | Custodial Funds | |
|---|--------------------|------------|
| | Special Welfare | VASAP |
| ADDITIONS | | |
| Special welfare collections | \$ 31,024 | \$ - |
| Interest earned | 448 | - |
| Intergovernmental | - | 205,396 |
| Total additions | \$ 31,472 | \$ 205,396 |
| DEDUCTIONS | | |
| Special welfare payments | \$ 37,998 | \$ - |
| Salaries and fringes | - | 152,950 |
| Contractual services | - | 2,016 |
| Professional services | - | 17,968 |
| Utilities | - | 6,796 |
| Insurance | - | 1,674 |
| Office rent | - | 12,000 |
| Office supplies | - | 2,125 |
| Miscellaneous | - | 5,265 |
| Travel | - | 3,395 |
| Total deductions | \$ 37,998 | \$ 204,189 |
| Net increase (decrease) in fiduciary net position | \$ (6,526) | \$ 1,207 |
| Net position - beginning | \$ 65,111 | \$ 25,698 |
| Net position - ending | \$ 58,585 | \$ 26,905 |

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

COUNTY OF RUSSELL, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

Note 1-Summary of Significant Accounting Policies:

The financial statements of the County conform to generally accepted accounting principles (GAAP) applicable to governmental units promulgated by the Governmental Accounting Standards Board (GASB). The following is a summary of the more significant policies:

A. Financial Reporting Entity

The County of Russell, Virginia is a municipal corporation governed by an elected six-member Board of Supervisors. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the government.

Blended component units - None

Discretely Presented Component Units - The component unit columns in the financial statements include the financial data of the County's discretely presented component units. They are reported in a separate column to emphasize that they are legally separate from the County.

The Russell County School Board operates the elementary and secondary public schools in the County. School Board members are popularly elected. The School Board is fiscally dependent upon the County because the County approves all debt issuances of the School Board and provides significant funding to operate the public schools since the School Board does not have separate taxing powers. The School Board is presented as a governmental fund type. The School Board does not issue separate financial statements.

The Industrial Development Authority of Russell County, Virginia (IDA) encourages and provides financing for industrial development in Russell County. The financial statements of the IDA have been included because the County appoints the governing body and has made moral obligation resolutions to finance deficits of any kind or nature that may occur each year subject to annual appropriation. Complete financial statements of the IDA can be obtained in writing at 137 Highland Drive, Lebanon, VA 24266.

The Russell County Public Service Authority (PSA) provides water and sewer service to residents of Russell County. The Authority is fiscally dependent on the County because the County appoints the governing body and has financing guarantees involving the Authority. Complete financial statements of the PSA can be obtained in writing at 137 Highland Drive, Lebanon, Virginia 24266.

Related Organizations - The County's officials are also responsible for appointing the members of the boards of other organizations, but the County's accountability for these organizations does not extend beyond making the appointment.

Jointly Governed Organizations - The County, in conjunction with other local jurisdictions, participates in supporting the Southwest Virginia Regional Jail and the Cumberland Mountain Community Services Board. The governing bodies of these organizations are appointed by the respective governing bodies of the participating jurisdictions. During the year, the County contributed \$2,324,384 to the Regional Jail and \$39,996 to the Community Services Board. The County does not have any ongoing financial responsibility for these Organizations.

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

B. 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 units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

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

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are 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, if any, are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. 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.

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

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

The government-wide Statement of Activities reflects both the gross and net cost per functional category (public safety, public works, health and welfare, etc.) 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*. 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, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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 in the month 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 the government receives cash.

The government reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for and reports all financial resources of the general government, except those required to be accounted for in other funds. The General Fund includes the activities of the Social Services, Dog Tag, Damage Stamp, Law Library, Knox Creek, Cannery, Health and Fitness, Housing, CSA, Litter, Valley Heights Subdivision, and Road Improvements funds. The aforementioned Funds have been merged with the General Fund for financial reporting purposes.

The government reports the following major special revenue funds:

The Coal Road Fund accounts for and reports financial resources to be used for improvements to roads used in conjunction with coal mining and other expenses allowable by the Code of Virginia, (1950), as amended.

The CARES Fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditures for Coronavirus Relief Funds.

The ARPA Fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditures for American Rescue Plan Act Funds.

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

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

The government reports the following major proprietary fund:

The County operates a water treatment system. The activities of the system are accounted for in the Dante fund.

Additionally, the government reports the following fund types:

The Workforce Investment Fund accounts for and reports financial resources to be used for workforce development benefiting the County. The Workforce Investment Fund is accounted for as a *Nonmajor Special Revenue Fund*.

Internal Service Funds account for the financing of goods and services provided to other departments or agencies of the government, or to other governments, on a cost reimbursement basis. The Internal Service Fund consists of the Self Health Insurance Fund.

Fiduciary Funds (Trust and Custodial Funds) account for assets held by the government in a trustee capacity or as agent or custodian for individuals, private organizations, other governmental units, or other funds. Custodial funds include the Special Welfare Fund and VASAP Fund. The Special Welfare Fund includes activity of the Title XX and the SSI Fund, which have all been merged for financial reporting purposes.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are other charges between the government's functions. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary Funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's Internal Service Funds are charges to departments for health insurance. Operating expenses for Internal Service Funds include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Assets, deferred outflows/inflows of resources, liabilities, and net position/fund balance:

1. Cash and Cash Equivalents

The government's cash and cash equivalents are considered to be cash on hand, amounts in demand deposits, as well as short-term investments with original maturities of three months or less from the date of acquisition. For purposes of the statement of cash flows, the government's proprietary funds consider their demand deposits and all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

D. Assets, deferred outflows/inflows of resources, liabilities, and net position/fund balance: (Continued)

2. 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.

3. Receivables and Payables

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

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Advances between funds, as reported in the fund financial statements, are offset by a fund balance nonspendable account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

3. Property Taxes

Property is assessed at its value on January 1. Property taxes attach as an enforceable lien on property as of January 1. Real estate taxes are payable in installments on June 5th and December 5th. Personal property taxes are due and collectible on December 5th. The County bills and collects its own property taxes.

4. Allowance for Uncollectible Accounts

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$5,879,786 at June 30, 2022. The allowance consists of delinquent property taxes in the amount of \$5,869,828 and tipping fees of \$9,958.

5. 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.

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

D. Assets, deferred outflows/inflows of resources, liabilities, and net position/fund balance: (Continued)

6. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed (except for intangible right-to-use lease assets (lease assets), the measurement of which is discussed in more detail below). Donated capital assets are recorded at acquisition value at the date of donation.

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

Property, plant, equipment, and infrastructure of the primary government, as well as the Component Unit - School Board, are depreciated using the straight-line method over the following estimated useful lives:

| <u>Assets</u> | <u>Years</u> |
|----------------------------|--------------|
| Land improvements | 40 |
| Buildings and improvements | 40 |
| Machinery and equipment | 4-30 |
| Utility plant in service | 40 |
| Right-to-use lease assets: | |
| Buildings and improvements | 40 |
| Machinery and equipment | 4-30 |

7. Prepaid Items

Certain payments to vendors represent costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will include a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure/expense) 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.

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

D. Assets, deferred outflows/inflows of resources, liabilities, and net position/fund balance: (Continued)

8. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has two types of items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes and opioid settlement receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30th, 2nd half installments levied during the fiscal year but due after June 30th, and amounts prepaid on the 2nd half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, 2nd half installments levied during the fiscal year but due after June 30th and amounts prepaid on the 2nd half installments are reported as deferred inflows of resources. In addition, certain items related to pension, OPEB, opioid settlements, and leases are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

9. 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. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits. The County accrues salary-related payments associated with the payment of compensated absences. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements.

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

11. 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, Teacher HIC, and LODA 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.

In addition to the VRS related OPEB, the County and School Board allows their retirees to stay on the health insurance plan after retirement. The retiree is required to pay the blended premium cost creating and implicit subsidy OPEB liability. In addition, retirees receive a monthly stipend towards their health insurance cost until the retiree is Medicare eligible.

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

D. Assets, deferred outflows/inflows of resources, liabilities, and net position/fund balance: (Continued)

12. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. 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 is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

13. Leases

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

Lessee

The County recognizes lease liabilities and intangible right-to-use lease assets (lease assets) 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.

Key Estimates and Judgments

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

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

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

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

D. Assets, deferred outflows/inflows of resources, liabilities, and net position/fund balance: (Continued)

14. Fund Balance

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

- Nonspendable fund balance - amounts that are either not in spendable form (such as inventory and prepaid expenditures) 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 general only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment;
- 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.

The Board of Supervisors is the highest level of decision-making authority and the formal action that is required to establish, modify or rescind a fund balance commitment is a resolution approved by the Board of Supervisors. The resolution must either be approved or rescinded as applicable, prior to the last day of the fiscal year for which the commitment is made. The amount subject to the constraint may be determined in the subsequent period.

The Board of Supervisors has authorized the County Administrator as the official authorized to assign fund balance to a specific purpose as approved by the fund balance policy.

The County of Russell will maintain an unassigned fund balance in the general fund equal to 16% of the expenditures/operating revenues (two months). The County considers a balance of less than 10% to be a cause for concern, barring unusual or deliberate circumstances.

The County considers restricted fund balance to be spent when an expenditure is incurred for purposes for which restricted and unassigned, assigned, or committed fund balances are available, unless prohibited by legal documents or contracts. When an expenditure is incurred for purposes for which committed, assigned or unassigned amounts are available, the County considers committed fund balance to be spent first, then assigned fund balance, and lastly unassigned fund balance.

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

D. Assets, deferred outflows/inflows of resources, liabilities, and net position/fund balance: (Continued)

15. Net Position

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

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

Note 2-Stewardship, Compliance, and Accountability:

A. Budgetary Information

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

1. Prior to March 30, 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. All Funds of the County have legally adopted budgets with the exception of the Industrial Development Authority Fund and Agency Funds.
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 departmental level. Only the Board of Supervisors can revise the appropriation for each department or category. 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.

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 2-Stewardship, Compliance, and Accountability: (Continued)

A. Budgetary Information (Continued)

5. Formal budgetary integration is employed as a management control device during the year for the General Fund and the Special Revenue Funds. The School Fund is integrated only at the level of legal adoption.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30, for all County units.
8. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to commit that portion of the applicable appropriations, is not part of the County's accounting system.

B. Excess of expenditures over appropriations

At June 30, 2022, there were no funds that had excess of expenditures over appropriations.

C. Deficit fund balance

At June 30, 2022, the CARES fund had a deficit fund balance.

Note 3-Deposits and Investments:

Deposits:

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

Investments:

Statutes authorize local governments and other public bodies to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper that has received at least two of the following ratings: P-1 by Moody's Investors Service, Inc.; A-1 by Standard and Poor's; or F1 by Fitch Ratings, Inc. (Section 2.2-4502), banker's acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP). As of and for the year ending June 30, 2021, the County did not have any investments.

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 4-Due from Other Governmental Units:

The following amounts represent receivables from other governments at year-end:

| | Primary Government | Component Unit School Board |
|--|-----------------------|--------------------------------|
| <u>Local Government:</u> | | |
| Southwest Virginia Regional Jail | \$ 363,193 | \$ - |
| <u>Commonwealth of Virginia:</u> | | |
| Local sales tax | 389,637 | - |
| State sales tax | - | 869,481 |
| Non-categorical aid | 98,836 | - |
| Categorical aid-shared expenses | 223,358 | - |
| Categorical aid-Virginia Public Assistance funds | 177,142 | - |
| Categorical aid-other | 57,928 | - |
| Categorical aid-Comprehensive Services Act funds | 242,604 | - |
| <u>Federal Government:</u> | | |
| Categorical aid-Virginia Public Assistance funds | 221,005 | - |
| Categorical aid-other | 17,133 | - |
| School federal programs | - | 488,377 |
| | <u>1,790,836</u> | <u>1,357,858</u> |
| Total Amount Due from Other Governmental Units | \$ <u>1,790,836</u> | \$ <u>1,357,858</u> |

Note 5-Interfund/Component-Unit Obligations:

| Fund | Due to Primary Government/ Component Unit | Due from Primary Government/ Component Unit |
|----------------------------|---|---|
| <u>Primary Government:</u> | | |
| General Fund | \$ <u>309,583</u> | \$ <u>200,000</u> |
| <u>Component Unit:</u> | | |
| School Board | \$ - | \$ 309,583 |
| IDA | 200,000 | - |
| Total | \$ <u>200,000</u> | \$ <u>309,583</u> |

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2022

Note 5-Interfund/Component-Unit Obligations: (Continued)

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

| Fund | Transfers In | Transfers Out |
|---------------------|-------------------|-------------------|
| Primary Government: | | |
| General Fund | \$ - | \$ 92,595 |
| Dante Fund | 90,206 | - |
| CARES Fund | 51,726 | - |
| ARPA Fund | 2,389 | 51,726 |
| Total | \$ <u>144,321</u> | \$ <u>144,321</u> |

| Fund | Due From | Due To |
|---------------------|------------------|------------------|
| Primary Government: | | |
| General Fund | \$ 86,164 | \$ 764 |
| Dante Fund | 764 | - |
| CARES Fund | - | 86,164 |
| Total | \$ <u>86,928</u> | \$ <u>86,928</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 to finance various programs accounted for in other funds in accordance with budgeting authorization.

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COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 6-Long-Term Obligations:

Primary Government - Governmental Activities Indebtedness

The following is a summary of long-term obligation transactions of the County for the year ended June 30, 2022:

| | Balance July 1, 2021 | GASB 87 Implementation | Increases/ Issuances | Decreases/ Retirements | Balance June 30, 2022 |
|--|-------------------------|---------------------------|-------------------------|---------------------------|--------------------------|
| Direct borrowings and placements | | | | | |
| General obligation bonds | \$ 3,781,495 | \$ - | \$ - | \$ (785,333) | \$ 2,996,162 |
| Literary loans | 25,000 | - | - | (12,500) | 12,500 |
| Revenue bonds | - | - | 16,015,000 | - | 16,015,000 |
| Locality compensation payments | 3,149,548 | - | - | (25,131) | 3,124,417 |
| Finance purchase notes | 5,103,237 | - | - | (364,781) | 4,738,456 |
| Deferred Amounts: | | | | | |
| Bond premiums | 132,079 | - | - | (16,804) | 115,275 |
| Total direct borrowings and placements | \$ 12,191,359 | \$ - | \$ 16,015,000 | \$ (1,204,549) | \$ 27,001,810 |
| Other long-term obligations | | | | | |
| Lease liabilities | \$ - | \$ 3,800,307 | \$ 76,829 | \$ (672,495) | \$ 3,204,641 |
| Landfill closure/ postclosure liability | 302,080 | - | 13,896 | - | 315,976 |
| Net OPEB liabilities | 3,435,760 | - | 1,751,955 | (2,007,745) | 3,179,970 |
| Compensated absences | 572,110 | - | 404,037 | (429,083) | 547,064 |
| Net pension liability | 7,641,214 | - | 4,777,155 | (8,667,233) | 3,751,136 |
| Total other long-term obligations | \$ 11,951,164 | \$ 3,800,307 | \$ 7,023,872 | \$ (11,776,556) | \$ 10,998,787 |
| Total | \$ 24,142,523 | \$ 3,800,307 | \$ 23,038,872 | \$ (12,981,105) | \$ 38,000,597 |

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

| Year Ending June 30, | Director Borrowing and Placement | | Lease Liabilities | |
|-------------------------|-------------------------------------|--------------|-------------------|------------|
| | Principal | Interest | Principal | Interest |
| 2023 | \$ 1,008,001 | \$ 649,576 | \$ 704,236 | \$ 92,299 |
| 2024 | 738,363 | 645,827 | 730,843 | 64,785 |
| 2025 | 831,806 | 615,666 | 696,516 | 36,969 |
| 2026 | 1,308,715 | 579,693 | 635,336 | 17,698 |
| 2027 | 1,351,692 | 537,276 | 170,231 | 7,015 |
| 2028-2032 | 5,521,956 | 2,171,113 | 267,479 | 4,162 |
| 2033-2037 | 5,428,720 | 1,462,322 | - | - |
| 2038-2042 | 3,692,282 | 895,388 | - | - |
| 2043-2047 | 3,320,000 | 564,165 | - | - |
| 2048-2051 | 3,685,000 | 196,927 | - | - |
| Totals | \$ 26,886,535 | \$ 8,317,953 | \$ 3,204,641 | \$ 222,928 |

COUNTY OF RUSSELL, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**

Note 6-Long-Term Obligations: (Continued)

Primary Government - Governmental Activities Indebtedness (Continued)

Details of long-term indebtedness:

| | Interest Rates | Date Issued | Final Maturity Date | Installment Amounts | Amount of Original Issue | Balance Governmental Activities | Amount Due Within One Year |
|---|-------------------|----------------|---------------------------|------------------------|--------------------------------|---------------------------------------|----------------------------------|
| Direct Borrowings and Placements | | | | | | | |
| <u>General Obligation Bonds:</u> | | | | | | | |
| General obligation bond | 2.35%-5.10% | 2002 | 2023 | \$213,799-272,702 a+ | \$ 4,382,954 | \$ 272,702 | \$ 272,702 |
| General obligation bond | 4.60%-5.10% | 2006 | 2027 | \$147,228-197,458 a+ | 3,205,190 | 940,849 | 179,493 |
| General obligation bond | 4.60%-5.10% | 2009 | 2030 | \$55,000-110,000 a+ | 1,485,000 | 685,000 | - |
| General obligation bond | 3.05%-5.05% | 2010 | 2031 | \$55,000-120,000 a+ | 1,620,000 | 900,000 | 80,000 |
| Total General Obligation Bonds | | | | | | \$ 2,798,551 | \$ 532,195 |
| <u>Literary loans:</u> | | | | | | | |
| Literary loan | 2.00% | 7/1/2003 | 2023 | \$12,500 a+ | 250,000 | \$ 12,500 | \$ 12,500 |
| <u>Revenue Bonds:</u> | | | | | | | |
| VRS Virginia HELPS Program | 1.975%-2.100% | 1/14/2022 | 2051 | \$445,000-770,000 a+ | \$ 16,015,000 | \$ 16,015,000 | \$ - |
| <u>Locality Compensation Payments:</u> | | | | | | | |
| VRA - Moral Obligation | 0.00% | 2021 | 2041 | \$25,131-174,321 a+ | \$ 3,149,548 | \$ 3,124,417 | \$ 49,205 |
| RD - Moral Obligation | 5.75% | 1988 | 2028 | \$13,063-41,261 a+ | 672,000 | 197,611 | 32,801 |
| Total Locality Compensation Payments | | | | | | \$ 3,322,028 | \$ 82,006 |
| <u>Finance Purchase Notes:</u> | | | | | | | |
| Energy Lease | 4.60% | 4/19/2017 | 2037 | \$173,771-415,639 a- | \$ 5,588,478 | \$ 4,581,511 | \$ 224,355 |
| Bus Lease | 2.017% | 11/15/2019 | 2023 | \$160,111 (a) | 461,589 | 156,945 | 156,945 |
| Total Finance Purchase Notes | | | | | | \$ 4,738,456 | \$ 381,300 |
| Total Direct Borrowings and Placements | | | | | | \$ 26,886,535 | \$ 1,008,001 |
| Plus: | | | | | | | |
| Unamortized Premium | | | | | | \$ 115,275 | \$ 16,804 |
| <u>Lease Liabilities:</u> | | | | | | | |
| Sheriff - 2020 Dodge Durango | 10.44% | 2021 | 2025 | \$291 (m) | \$ 13,663 | \$ 8,953 | \$ 2,678 |
| Sheriff - 2019 RAM 2500 | 11.57% | 2020 | 2025 | \$357 (m) | 16,342 | 8,982 | 3,417 |
| Sheriff - 2019 Nissan Frontier | 10.77% | 2020 | 2025 | \$291 (m) | 13,558 | 6,940 | 2,879 |
| Sheriff - 2019 Dodge Journey | 12.90% | 2020 | 2025 | \$221 (m) | 9,825 | 5,311 | 2,083 |
| Sheriff - 2020 Dodge Durango | 9.91% | 2020 | 2025 | \$368 (m) | 17,521 | 9,178 | 3,676 |
| Sheriff - 2020 Dodge Durango | 9.91% | 2020 | 2025 | \$368 (m) | 17,521 | 9,178 | 3,676 |
| Sheriff - 2019 Dodge RAM 1500 | 9.54% | 2020 | 2025 | \$454 (m) | 21,754 | 11,349 | 4,558 |
| Sheriff - 2020 Dodge Durango | 10.06% | 2020 | 2025 | \$368 (m) | 17,464 | 9,161 | 3,666 |
| Sheriff - 2020 Dodge Durango | 10.06% | 2020 | 2025 | \$368 (m) | 17,464 | 9,161 | 3,666 |
| Sheriff - 2020 Dodge Durango | 9.91% | 2020 | 2025 | \$369 (m) | 17,564 | 9,779 | 3,625 |
| Sheriff - 2020 Dodge Durango | 9.91% | 2020 | 2025 | \$369 (m) | 17,563 | 9,778 | 3,625 |
| Sheriff - 2020 Dodge Durango | 11.72% | 2020 | 2025 | \$295 (m) | 13,477 | 7,858 | 2,765 |
| Sheriff - 2020 Dodge Durango | 11.72% | 2020 | 2025 | \$295 (m) | 13,477 | 7,858 | 2,765 |
| Sheriff - 2020 Dodge Durango | 11.72% | 2020 | 2025 | \$295 (m) | 13,477 | 7,858 | 2,765 |
| Sheriff - 2020 Dodge Durango | 11.72% | 2020 | 2025 | \$295 (m) | 13,477 | 7,858 | 2,765 |
| Sheriff - 2020 Dodge Durango | 10.06% | 2020 | 2025 | \$455 (m) | 21,547 | 12,366 | 4,411 |
| Sheriff - 2020 Dodge Durango | 11.72% | 2020 | 2025 | \$295 (m) | 13,477 | 7,858 | 2,764 |
| Sheriff - 2019 Dodge RAM 1500 | 10.57% | 2020 | 2025 | \$291 (m) | 13,644 | 7,868 | 2,795 |

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 6-Long-Term Obligations: (Continued)

Primary Government - Business-type Activities Indebtedness

The following is a summary of long-term obligation transactions of the Enterprise Fund for the year ended June 30, 2022:

| | Balance July 1, 2021 | Issuances | Retirements | Balance June 30, 2022 |
|----------------------------------|-------------------------|-----------|-------------|--------------------------|
| Direct borrowings and placements | | | | |
| Revenue bonds | \$ 531,068 | \$ - | \$ (26,208) | \$ 504,860 |
| Total | \$ 531,068 | \$ - | \$ (26,208) | \$ 504,860 |

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

| Year Ending June 30, | Direct Borrowings and Placements | |
|-------------------------|----------------------------------|------------|
| | Revenue Bonds | |
| | Principal | Interest |
| 2023 | \$ 27,416 | \$ 22,156 |
| 2024 | 28,675 | 20,897 |
| 2025 | 29,993 | 19,579 |
| 2026 | 31,370 | 18,202 |
| 2027 | 32,812 | 16,760 |
| 2028-2032 | 188,102 | 59,759 |
| 2033-2036 | 166,492 | 14,335 |
| Totals | \$ 504,860 | \$ 171,688 |

Details of long-term indebtedness:

| | Interest Rates | Date Issued | Final Maturity Date | Amount of Original Issue | Balance Business-Type Activities | Amount Due Within One Year |
|----------------------------------|-------------------|----------------|---------------------------|--------------------------------|--|----------------------------------|
| Direct Borrowings and Placements | | | | | | |
| <u>Revenue Bonds:</u> | | | | | | |
| Revenue bond | 4.50% | 4/10/1996 | 2036 | \$ 900,000 | \$ 504,860 | \$ 27,416 |

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 6-Long-Term Obligations: (Continued)

Component Unit - School Board Indebtedness

The following is a summary of long-term obligation transactions of the discretely presented component unit for the year ended June 30, 2022:

| | Balance July 1, 2021 | Increases | Decreases | Balance June 30, 2022 |
|-----------------------|-------------------------|----------------------|------------------------|--------------------------|
| Lease liabilities | \$ - | \$ 402,114 | \$ - | \$ 402,114 |
| Net OPEB liabilities | 17,025,752 | 1,766,102 | (2,486,079) | 16,305,775 |
| Compensated absences | 1,151,338 | 838,485 | (863,504) | 1,126,319 |
| Net pension liability | 40,426,835 | 7,857,732 | (25,611,282) | 22,673,285 |
| Total | \$ 58,603,925 | \$ 10,864,433 | \$ (28,960,865) | \$ 40,507,493 |

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

| Year Ending June 30, | Lease Liabilities | |
|-------------------------|-------------------|------------------|
| | Principal | Interest |
| 2023 | \$ 135,453 | \$ 4,614 |
| 2024 | 131,134 | 8,933 |
| 2025 | 135,527 | 4,540 |
| Totals | \$ 402,114 | \$ 18,087 |

Details of long-term indebtedness:

| | Interest Rates | Date Issued | Final Maturity Date | Amount of Original Issue | Total Amount | Amount Due Within One Year |
|-----------------------------|-------------------|----------------|---------------------------|--------------------------------|----------------------|----------------------------------|
| <u>Lease Liabilities:</u> | | | | | | |
| Bus Lease | 3.35% | 5/13/2022 | 9/15/2024 | \$ 402,114 | \$ 402,114 | \$ 135,453 |
| <u>Other Obligations:</u> | | | | | | |
| Net OPEB Liabilities | | | | | \$ 16,305,775 | \$ - |
| Compensated Absences | | | | | 1,126,319 | 844,739 |
| Net Pension Liability | | | | | 22,673,285 | - |
| Total Other Obligations | | | | | <u>\$ 40,105,379</u> | <u>\$ 844,739</u> |
| Total Long-Term Obligations | | | | | <u>\$ 40,507,493</u> | <u>\$ 980,192</u> |

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 7-Pension Plans:

Plan Description

All full-time, salaried permanent employees of the County and (nonprofessional) employees of the 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. However, several entities whose financial information is not included in the primary government report, participate in the VRS plan through County of Russell, Virginia and the participating entities report their proportionate information on the basis of a cost-sharing plan.

Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the Code of Virginia, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

Benefit Structures

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

- a. Employees with a membership date before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit 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 credit 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 credit equals 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 7-Pension Plans: (Continued)

Average Final Compensation and Service Retirement Multiplier

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

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

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

Contributions

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

The County's contractually required contribution rate for the year ended June 30, 2022 was 13.16% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$843,088 and \$798,031 for the years ended June 30, 2022 and June 30, 2021, respectively.

Net Pension Liability

At June 30, 2022, the County reported a liability of \$3,751,136 for its proportionate share of the net pension liability. The County's net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. In order to allocate the net pension liability to all employers included in the plan, the County is required to determine its proportionate share of the net pension liability. Credible compensation as of June 30, 2021 and 2020 was used as a basis for allocation to determine the County's proportionate share of the net pension liability. At June 30, 2021 and 2020, the County's proportion was 99.1811% and 99.1463%, respectively.

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 7-Pension Plans: (Continued)

Actuarial Assumptions - General Employees

The total pension liability for General Employees in Russell County's Retirement Plan and the Component Unit School Board's (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

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

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COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 7-Pension Plans: (Continued)

Actuarial Assumptions - General Employees (Continued)

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

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

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the County's Retirement Plan was based on an actuarial valuation as of June 30, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

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

Mortality rates:

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

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

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 7-Pension Plans: (Continued)

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

Mortality rates: (Continued)

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

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

All Others (Non-10 Largest) - 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 |

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COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 7-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:

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

* The above allocation provides a one-year expected return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

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

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COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 7-Pension Plans: (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the County and Component Unit School Board (nonprofessional) was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2021 the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2021, the rate contributed by the school division for the VRS Teacher Retirement Plan was subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2021 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents County's proportionate share of the net pension liability using the discount rate of 6.75%, as well as what the County'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%) |
| County's proportionate share of the County Retirement Plan Net Pension Liability | \$ 8,722,290 | \$ 3,751,136 | \$ (355,059) |

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COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 7-Pension Plans: (Continued)

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

For the year ended June 30, 2022, the County recognized pension expense of \$990,742. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>Primary Government</u> | |
|---|---|--|
| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
| Differences between expected and actual experience | \$ 264,239 | \$ - |
| Change in assumptions | 907,324 | - |
| Net difference between projected and actual earnings on pension plan investments* | 18 | 3,747,890 |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 8,684 | 5,583 |
| Employer contributions subsequent to the measurement date | <u>843,088</u> | <u>-</u> |
| Total | <u>\$ 2,023,353</u> | <u>\$ 3,753,473</u> |

*Allocation cannot be netted given deferred outflows are those of governmental activities while deferred inflows are those of business type activities.

\$843,088 reported as deferred outflows of resources related to pensions resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

| <u>Year ended June 30</u> | <u>Primary Government</u> |
|---------------------------|-------------------------------|
| 2023 | \$ (187,716) |
| 2024 | (371,424) |
| 2025 | (872,436) |
| 2026 | (1,141,632) |
| Thereafter | - |

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 7-Pension Plans: (Continued)

Pension Plan Data

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

Component Unit School Board (Nonprofessional)

Additional information related to the plan description, plan contribution requirements, actuarial assumptions, long-term expected rate of return, and discount rate is included in the first section of this note.

Employees Covered by Benefit Terms

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

| | <u>Component Unit School Board Nonprofessional</u> |
|--|---|
| Inactive members or their beneficiaries currently receiving benefits | 147 |
| Inactive members: | |
| Vested inactive members | 11 |
| Non-vested inactive members | 20 |
| Long-term disability (LTD) | 2 |
| Inactive members active elsewhere in VRS | 16 |
| Total inactive members | 49 |
| Active members | 101 |
| Total covered employees | <u>297</u> |

Contributions

The Component Unit School Board’s contractually required contribution rate for nonprofessional employees for the year ended June 30, 2022 was 21.15% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board’s nonprofessional employees were \$508,337 and \$518,031 for the years ended June 30, 2022 and June 30, 2021, respectively.

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 7-Pension Plans: (Continued)

Component Unit School Board (Nonprofessional) (Continued)

Net Pension Liability

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. The Component Unit School Board's (Nonprofessional) net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2020 rolled forward to the measurement date of June 30, 2021.

Changes in Net Pension Liability

| | Component Unit-School Board (Nonprofessional) | | |
|--|--|--|--|
| | Increase (Decrease) | | |
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a) - (b) |
| Balances at June 30, 2020 | \$ 19,147,231 | \$ 11,631,160 | \$ 7,516,071 |
| Changes for the year: | | | |
| Service cost | \$ 203,236 | \$ - | \$ 203,236 |
| Interest | 1,240,763 | - | 1,240,763 |
| Changes of assumptions | 477,264 | - | 477,264 |
| Differences between expected and actual experience | (305,011) | - | (305,011) |
| Contributions - employer | - | 518,030 | (518,030) |
| Contributions - employee | - | 116,995 | (116,995) |
| Net investment income | - | 3,038,825 | (3,038,825) |
| Benefit payments, including refunds of employee contributions | (1,531,107) | (1,531,107) | - |
| Administrative expenses | - | (8,189) | 8,189 |
| Other changes | - | 282 | (282) |
| Net changes | \$ 85,145 | \$ 2,134,836 | \$ (2,049,691) |
| Balances at June 30, 2021 | \$ 19,232,376 | \$ 13,765,996 | \$ 5,466,380 |

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 7-Pension Plans: (Continued)

Component Unit School Board (Nonprofessional) (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Component Unit School Board (Nonprofessional) using the discount rate of 6.75%, as well as what the Component Unit School Board's (Nonprofessional) net pension liability would be if it were calculated using a discount rate that is one percentage point lower (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%) |
| Component Unit School Board (Nonprofessional) | | | |
| Net Pension Liability | \$ 7,574,487 | \$ 5,466,380 | \$ 3,696,356 |

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

For the year ended June 30, 2022, the Component Unit School Board (Nonprofessional) recognized pension expense of \$522,133. At June 30, 2022, the Component Unit School Board (Nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Component Unit School Board (Nonprofessional) | |
|--|--|----------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | \$ 75,053 | \$ 177,391 |
| Change in assumptions | 277,572 | - |
| Net difference between projected and actual earnings on pension plan investments | - | 1,475,769 |
| Employer contributions subsequent to the measurement date | 508,337 | - |
| Total | \$ 860,962 | \$ 1,653,160 |

\$508,337 reported as deferred outflows of resources related to pensions resulting from the Component Unit School Board's (Nonprofessional) contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ended June 30, 2023.

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 7-Pension Plans: (Continued)

Component Unit School Board (Nonprofessional) (Continued)

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

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> | <u>Component Unit School Board (Nonprofessional)</u> |
|---------------------------|--|
| 2023 | \$ (195,465) |
| 2024 | (304,985) |
| 2025 | (343,237) |
| 2026 | (456,848) |
| Thereafter | - |

Component Unit School Board (Professional)

Plan Description

All full time, salaries 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 regarding 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 contribution rate for the year ended June 30, 2022 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School Board were \$3,179,016 and \$3,135,782 for the years ended June 30, 2022 and June 30, 2021, respectively.

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

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 7-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

At June 30, 2022, the school division reported a liability of \$17,206,905 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2021 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the school division's proportion was 0.22165% as compared to 0.22620% at June 30, 2020.

For the year ended June 30, 2022, the school division recognized pension expense of \$(26,402). Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2022, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Component Unit School Board (Professional) | |
|---|---|--|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | \$ - | \$ 1,465,581 |
| Change of assumptions | 3,014,605 | - |
| Net difference between projected and actual earnings on pension plan investments | - | 10,843,331 |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 275,628 | 921,055 |
| Employer contributions subsequent to the measurement date | 3,179,016 | - |
| Total | \$ 6,469,249 | \$ 13,229,967 |

\$3,179,016 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2023.

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 7-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)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

| <u>Year ended June 30</u> | |
|---------------------------|----------------|
| 2023 | \$ (2,426,245) |
| 2024 | (2,101,616) |
| 2025 | (2,267,031) |
| 2026 | (3,146,597) |
| 2027 | 1,755 |
| Thereafter | - |

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

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

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement:

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

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 7-Pension Plans: (Continued)

Component Unit School Board (Professional) (Continued)

Actuarial Assumptions (Continued)

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

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

Net Pension Liability

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

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

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

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

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 7-Pension Plans: (Continued)

Component Unit School Board (Professional) (Continued)

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

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

| | Rate | | |
|---|---------------|------------------|--------------|
| | 1% Decrease | Current Discount | 1% Increase |
| | (5.75%) | (6.75%) | (7.75%) |
| School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability | \$ 33,208,395 | \$ 17,206,905 | \$ 4,043,542 |

Pension Plan Fiduciary Net Position

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

Primary Government and Component Unit School Board

Aggregate Pension Information

| | Primary Government | | | | Component Unit School Board | | | |
|------------------------------|---------------------|---------------------|-----------------------|-------------------|-----------------------------|----------------------|-----------------------|-------------------|
| | Deferred Outflows | Deferred Inflows | Net Pension Liability | Pension Expense | Deferred Outflows | Deferred Inflows | Net Pension Liability | Pension Expense |
| VRS Pension Plans: | | | | | | | | |
| Primary Government | \$ 2,023,353 | \$ 3,753,473 | \$ 3,751,136 | \$ 990,742 | \$ - | \$ - | \$ - | \$ - |
| School Board Nonprofessional | - | - | - | - | 860,962 | 1,653,160 | 5,466,380 | 522,133 |
| School Board Professional | - | - | - | - | 6,469,249 | 13,229,967 | 17,206,905 | (26,402) |
| Totals | <u>\$ 2,023,353</u> | <u>\$ 3,753,473</u> | <u>\$ 3,751,136</u> | <u>\$ 990,742</u> | <u>\$ 7,330,211</u> | <u>\$ 14,883,127</u> | <u>\$ 22,673,285</u> | <u>\$ 495,731</u> |

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COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 8-Primary Government Other Postemployment Benefits-Health Insurance:

Plan Description

The County administers a single-employer defined benefit healthcare plan, The Russell County OPEB Plan. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the County's pension plans. The plan does not issue a publicly available financial report.

Benefits Provided

Postemployment benefits are provided to eligible retirees to include Medical, Dental, and Vision 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. Benefits for both the retiree and their dependent spouse are provided for their respective lifetimes. If the retiree predeceases the spouse, the spouse is eligible to continue their health coverage.

Plan Membership

At June 30, 2022 (measurement date), the following employees were covered by the benefit terms:

| | |
|----------------------|------------|
| Active Employees | 143 |
| Retirees and Spouses | <u>3</u> |
| Total | <u>146</u> |

Contributions

The board does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the Board of Supervisors. The amount paid by the County for OPEB as the benefits came due during the year ended June 30, 2022 was \$26,812.

Total OPEB Liability

The County's total OPEB liability was measured as of June 30, 2022. The total OPEB liability was determined by an actuarial valuation as of July 1, 2021.

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COUNTY OF RUSSELL, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**

Note 8-Primary Government Other Postemployment Benefits-Health Insurance: (Continued)

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:

| | |
|-----------------------|---|
| Actuarial Cost Method | Entry age normal, level percentage of pay |
| Discount Rate | 3.54% as of June 30, 2022 2.16% as of June 30, 2021 |
| Inflation | 2.50% |
| Healthcare Trend Rate | The healthcare trend rate assumption starts at 0.50% in 2021 and 6.10% in 2022 then gradually declines to 3.90% in 2073 and later. |
| Salary Increase Rates | The salary increase rate starts at 5.35% for 1 year of service and gradually declines to 3.50% increase for 20 or more years of service. |
| Retirement Age | The average age at retirement is 61. |
| Mortality Rates | <p>The pre-retirement mortality rates for General Employees were calculated using RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020; males set back 1 year, 85% of rates; females setback 1 year. 25% of deaths are assumed to be service-related.</p> <p>The pre-retirement mortality rates for Public Safety Employees were calculated using RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020; males 90% of rates; females set forward 1 year. 35% of deaths are assumed to be service-related.</p> <p>The post-retirement mortality rates for General Employees were calculated using RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year; females set back 1 year with 1.5% increase compounded from ages 70 to 85.</p> <p>The post-retirement mortality rates for Public Safety Employees were calculated using RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.</p> <p>The post-disablement mortality rates of General Employees were calculated using RP-2014 Disabled Mortality Rates projected with Scale BB to 2020; males 115% of rates; females 130% of rates.</p> <p>The post-disablement mortality rates of Public Safety Employees were calculated using RP-2014 Disabled Mortality Rates projected with Scale BB to 2020; males set forward 2 years; unisex using 100% male.</p> |

The demographic assumptions used to determine the Total OPEB Liability as of June 30, 2022 were based on the results of an actuarial experience study for the Virginia Retirement System covering the period from July 1, 2012 to June 30, 2016. The demographic assumptions recommended as a result of this study were adopted by the VRS Board of Trustees on April 26, 2017.

Discount Rate

The discount rates are based on the Bond Buyer General Obligation 20-Bond Municipal Index as of their respective measurement dates.

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 8-Primary Government Other Postemployment Benefits-Health Insurance: (Continued)

Changes in Total OPEB Liability

| | Primary Government Total OPEB Liability |
|--|--|
| Balances at June 30, 2021 | \$ <u>798,143</u> |
| Changes during Year: | |
| Service Cost | \$ 39,498 |
| Interest on Total OPEB Liability | 17,805 |
| Effect of Economic/Demographic Gains or Losses | 36,224 |
| Effect of Assumptions Changes or Inputs | (103,909) |
| Benefit Payments | (26,812) |
| Net Changes | \$ <u>(37,194)</u> |
| Balances at June 30, 2022 | \$ <u>760,949</u> |

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

The following amounts present the total OPEB liability of the County, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.54%) or one percentage point higher (4.54%) than the current discount rate:

| Rate | | |
|--------------------------------|--|--------------------------------|
| <u>1% Decrease (2.54%)</u> | <u>Current Discount Rate (3.54%)</u> | <u>1% Increase (4.54%)</u> |
| \$ 829,868 | \$ 760,949 | \$ 697,829 |

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

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

| Rates | | |
|--------------------|----------------------------------|--------------------|
| <u>1% Decrease</u> | <u>Healthcare Cost Trend</u> | <u>1% Increase</u> |
| \$ 673,511 | \$ 760,949 | \$ 862,794 |

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 8-Primary Government Other Postemployment Benefits-Health Insurance: (Continued)

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

For the year ended June 30, 2022, the County recognized OPEB expense in the amount of \$1,009. At June 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Differences between expected and actual experience | \$ 30,286 | \$ 47,704 |
| Changes in assumptions | 239,437 | 89,512 |
| Total | <u>\$ 269,723</u> | <u>\$ 137,216</u> |

Amounts reported as deferred inflows of resources related to the OPEB plan will be recognized in OPEB expense in future reporting periods as follows:

| <u>Year ended June 30</u> | |
|---------------------------|-----------|
| 2023 | \$ 43,128 |
| 2024 | 42,958 |
| 2025 | 42,783 |
| 2026 | 15,843 |
| 2027 | (11,096) |
| Thereafter | (1,109) |

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

Note 9-Component Unit School Board Other Postemployment Benefits-Health Insurance:

Plan Description

The School Board administers a single-employer defined benefit healthcare plan, the Russell County Public Schools OPEB Plan. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the Schools Board's pension plans. The plan does not issue a publicly available financial report.

Benefits Provided

Postemployment benefits are provided to eligible retirees to include Medical, Dental, and Vision 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. Benefits for both the retiree and their dependent spouse are provided for their respective lifetimes. If the retiree predeceases the spouse, the spouse is eligible to continue their health coverage.

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 9-Component Unit School Board Other Postemployment Benefits-Health Insurance: (Continued)

Plan Membership

At June 30, 2022 (measurement date), the following employees were covered by the benefit terms:

| | |
|----------------------|-------------------|
| Active employees | 546 |
| Retirees and Spouses | <u>40</u> |
| Total | <u><u>586</u></u> |

Contributions

The School Board does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the School Board. The amount paid by the School Board for OPEB as the benefits came due during the year ended June 30, 2022 was \$569,865.

Total OPEB Liability

The School Board's total OPEB liability was measured as of June 30, 2022. The total OPEB liability was determined by an actuarial valuation as of July 1, 2021.

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COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 9-Component Unit School Board Other Postemployment Benefits-Health Insurance: (Continued)

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:

| | |
|-----------------------|---|
| Actuarial Cost Method | Entry age normal, level percentage of pay |
| Discount Rate | 3.54% as of June 30, 2022 2.16% as of June 30, 2021 |
| Inflation | 2.50% |
| Healthcare Trend Rate | The healthcare trend rate assumption starts at 0.50% in 2021 and 6.10% in 2022 then gradually declines to 3.90% in 2073 and later. |
| Salary Increase Rates | The salary increase rate starts at 5.35% for 1 year of service and gradually declines to 3.50% for 20 or more years of service. |
| Retirement Age | The average age at retirement is 61. |
| Mortality Rates | <p>The pre-retirement mortality rates for General Employees were calculated using RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020; males set back 1 year, 85% of rates; females setback 1 year. 25% of deaths are assumed to be service-related.</p> <p>The pre-retirement mortality rates for Teachers were calculated using RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020; 5% of deaths are assumed to be service-related.</p> <p>The post-retirement mortality rates for General Employees were calculated using RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year; females set back 1 year with 1.5% increase compounded from ages 70 to 85.</p> <p>The post-retirement mortality rates for Teachers were calculated using RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.</p> <p>The post-disablement mortality rates of General Employees were calculated using RP-2014 Disabled Mortality Rates projected with Scale BB to 2020; males 115% of rates; females 130% of rates.</p> <p>The post-disablement mortality rates of Teachers were calculated using RP-2014 Disabled Mortality Rates projected with Scale BB to 2020; 115% of rates for males and females.</p> |

The demographic assumptions used to determine the Total OPEB Liability as of June 30, 2022 were based on the results of an actuarial experience study for the Virginia Retirement System covering the period from July 1, 2012 to June 30, 2016. The demographic assumptions recommended as a result of this study were adopted by the VRS Board of Trustees on April 26, 2017.

Discount Rate

The discount rates are based on the Bond Buyer 20-Year Bond GO Index as of their respective measurement dates.

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 9-Component Unit School Board Other Postemployment Benefits-Health Insurance: (Continued)

Changes in Total OPEB Liability

| | Component Unit School Board Total OPEB Liability |
|--|--|
| Balances at June 30, 2021 | \$ <u>11,599,608</u> |
| Changes during Year: | |
| Service Cost | \$ 529,129 |
| Interest on Total OPEB Liability | 255,859 |
| Effect of Economic/Demographic Gains or Losses | (62,179) |
| Effect of Assumptions Changes or Inputs | 103,942 |
| Benefit Payments | (569,865) |
| Net Changes | \$ <u>256,886</u> |
| Balances at June 30, 2022 | \$ <u><u>11,856,494</u></u> |

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

The following amounts present the total OPEB liability of the School Board, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.54%) or one percentage point higher (4.54%) than the current discount rate:

| Rate | | |
|------------------------|----------------------------------|------------------------|
| 1% Decrease (2.54%) | Current Discount Rate (3.54%) | 1% Increase (4.54%) |
| \$ 12,764,234 | \$ 11,856,494 | \$ 10,999,024 |

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

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

| Rates | | |
|---------------|--------------------------|---------------|
| 1% Decrease | Healthcare Cost Trend | 1% Increase |
| \$ 10,480,091 | \$ 11,856,494 | \$ 13,482,414 |

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 9-Component Unit School Board Other Postemployment Benefits-Health Insurance: (Continued)

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

For the year ended June 30, 2022, the School Board recognized OPEB expense in the amount of \$1,393,130. At June 30, 2022, the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Differences between expected and actual experience | \$ - | \$ 583,034 |
| Changes in assumptions | <u>2,396,083</u> | <u>34,185</u> |
| Total | <u>\$ 2,396,083</u> | <u>\$ 617,219</u> |

Amounts reported as deferred inflows of resources related to the OPEB plan will be recognized in OPEB expense in future reporting periods as follows:

| <u>Year ended June 30</u> | |
|---------------------------|------------|
| 2023 | \$ 608,142 |
| 2024 | 606,780 |
| 2025 | 543,875 |
| 2026 | 5,424 |
| 2027 | 5,424 |
| Thereafter | 9,219 |

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

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COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 10—Group Life Insurance (GLI) Plan (OPEB Plan):

Plan Description

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

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 plan, 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 plan 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 adjustment calculation. The minimum benefit adjusted for the COLA was \$8,722 as of June 30, 2022.

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% x 60%) and the employer component was 0.54% (1.34% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2022 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability.

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 10—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Contributions (Continued)

Contributions to the GLI Plan from the County were \$36,041 and \$33,944 for the years ended June 30, 2022 and June 30, 2021, respectively.

Contributions to the GLI Plan from the Component Unit School Board (Nonprofessional) were \$13,463 and \$13,631 for the years ended June 30, 2022 and June 30, 2021, respectively.

Contributions to the GLI Plan from the Component Unit School Board (Professional) were \$106,394 and \$104,764 for the years ended June 30, 2022 and June 30, 2021, respectively.

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

At June 30, 2022, the County reported a liability of \$354,521 for its proportionate share of the Net GLI OPEB Liability.

At June 30, 2022, the Component Unit School Board (Nonprofessional) reported a liability of \$142,390 for its proportionate share of the Net GLI OPEB Liability.

At June 30, 2022, the Component Unit School Board (Professional) reported a liability of \$1,094,065 for its proportionate share of the Net GLI OPEB Liability.

The Net GLI OPEB Liability was measured as of June 30, 2021 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers.

At June 30, 2021, the County's proportion was 0.03050% as compared to 0.03090% at June 30, 2020.

At June 30, 2021, the Component Unit School Board (Nonprofessional) proportion was 0.01220% as compared to 0.01300% at June 30, 2020.

At June 30, 2021, the Component Unit School Board (Professional) proportion was 0.09400% as compared to 0.09530% at June 30, 2020.

For the year ended June 30, 2022, the County recognized GLI OPEB expense of \$13,445. 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.

For the year ended June 30, 2022, the Component Unit School Board (Nonprofessional) recognized GLI OPEB expense of \$(584). 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.

For the year ended June 30, 2022, the Component Unit School Board (Professional) recognized GLI OPEB expense of \$29,213. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 10—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, 2022, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

| | Primary Government | | Component Unit School Board (Nonprofessional) | | Component Unit School Board (Professional) | |
|---|-----------------------------------|----------------------------------|--|----------------------------------|---|----------------------------------|
| | 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 | \$ 40,434 | \$ 2,701 | \$ 16,240 | \$ 1,085 | \$ 124,782 | \$ 8,336 |
| Changes in proportion | 11,619 | 20,172 | - | 21,816 | 8,152 | 48,869 |
| Changes in assumptions | 19,545 | 48,506 | 7,850 | 19,482 | 60,316 | 149,692 |
| Net difference between projected and actual earnings on OPEB plan investments | - | 84,616 | - | 33,986 | - | 261,130 |
| Employer contributions subsequent to the measurement date | 36,041 | - | 13,463 | - | 106,394 | - |
| Total | \$ 107,639 | \$ 155,995 | \$ 37,553 | \$ 76,369 | \$ 299,644 | \$ 468,027 |

\$36,041, \$13,463, and \$106,394 reported as deferred outflows of resources related to the GLI OPEB resulting from the County's, Component Unit School Board (Nonprofessional), and Component Unit School Board (Professional), respectively, contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

| Year Ended June 30 | Primary Government | Component Unit School Board (Nonprofessional) | Component Unit School Board (Professional) |
|--------------------|--------------------|--|---|
| 2023 | \$ (18,544) | \$ (13,432) | \$ (69,507) |
| 2024 | (14,609) | (11,357) | (54,400) |
| 2025 | (17,084) | (9,960) | (49,589) |
| 2026 | (28,255) | (13,512) | (83,425) |
| 2027 | (5,905) | (4,018) | (17,856) |
| Thereafter | - | - | - |

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups.

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 10—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions (Continued)

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

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019.

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COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 10—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions (Continued)

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

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019.

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 10—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions (Continued)

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

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019.

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 10—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions (Continued)

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 the measurement date of June 30, 2021, NOL amounts for the GLI Plan is as follows (amounts expressed in thousands):

| | GLI OPEB Plan |
|--|--------------------------|
| Total GLI OPEB Liability | \$ 3,577,346 |
| Plan Fiduciary Net Position | 2,413,074 |
| GLI Net OPEB Liability (Asset) | <u>\$ 1,164,272</u> |
| Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability | 67.45% |

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

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 10—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:

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

*The above allocation provides a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

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

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 10—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2021, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2021 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

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

| | Rate | | |
|--|------------------------|-----------------------------|------------------------|
| | 1% Decrease (5.75%) | Current Discount (6.75%) | 1% Increase (7.75%) |
| Proportionate share of the Group Life Insurance Plan Net OPEB Liability: | | | |
| County | \$ 517,967 | \$ 354,521 | \$ 222,530 |
| Component Unit School Board (Nonprofessional) | \$ 208,037 | \$ 142,390 | \$ 89,377 |
| Component Unit School Board (Professional) | \$ 1,598,469 | \$ 1,094,065 | \$ 686,736 |

Group Life Insurance Program Fiduciary Net Position

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

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 11—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.

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COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 11—Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Employees Covered by Benefit Terms

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

| | Primary Government | Component Unit School Board (Nonprofessional) |
|--|-------------------------------|--|
| Inactive members or their beneficiaries currently receiving benefits | 16 | 68 |
| Inactive members: | | |
| Vested inactive members | 1 | 1 |
| Total inactive members | 17 | 69 |
| Active members | 28 | 101 |
| Total covered employees | 45 | 170 |

Contributions

The contribution requirements for active employees is governed by §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The County’s contractually required employer contribution rate for the year ended June 30, 2022 was 0.26% of covered employee compensation. The Component Unit School Board’s (nonprofessional) contractually required employer contribution rate for the year ended June 30, 2022 was 3.53% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2020. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the County to the HIC Plan were \$3,410 and \$3,097 for the years ended June 30, 2022 and June 30, 2021, respectively. Contributions from the Component Unit School Board (nonprofessional) to the Health Insurance Credit Plan were \$87,833 and \$88,957 for the years ended June 30, 2022 and June 30, 2021, respectively.

During the 2020 session, House Bill 1513 was enacted. This bill required the addition of Health Insurance Credit benefits for non-teacher employees effective July 1, 2021. While benefit payments became effective July 1, 2021, employers were required to pre-fund the benefits beginning July 1, 2020. The bill impacted 95 employers and resulted in approximately \$2.5 million of additional employer contributions in FY2021.

Net HIC OPEB Liability

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

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 11—Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Actuarial Assumptions

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019.

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COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 11—Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

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

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019.

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 11—Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

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 |

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COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 11—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:

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

*The above allocation provides a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

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

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COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 11—Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Discount Rate

The discount rate used to measure the total HIC OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2021, the rate contributed by the entity for the HIC OPEB was 100% of the actuarially determined contribution rate. From July 1, 2021 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB’s fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

Changes in Net HIC OPEB Liability - Primary Government

| | Increase (Decrease) | | |
|---|---------------------------------------|--|---|
| | Total HIC OPEB Liability (a) | Plan Fiduciary Net Position (b) | Net HIC OPEB Liability (Asset) (a) - (b) |
| Balances at June 30, 2020 | \$ 102,337 | \$ 79,118 | \$ 23,219 |
| Changes for the year: | | | |
| Service cost | \$ 2,042 | \$ - | \$ 2,042 |
| Interest | 6,453 | - | 6,453 |
| Differences between expected and actual experience | 3,616 | - | 3,616 |
| Assumption changes | 543 | - | 543 |
| Contributions - employer | - | 2,966 | (2,966) |
| Net investment income | - | 19,218 | (19,218) |
| Benefit payments | (13,469) | (13,469) | - |
| Administrative expenses | - | (200) | 200 |
| Net changes | \$ (815) | \$ 8,515 | \$ (9,330) |
| Balances at June 30, 2021 | \$ 101,522 | \$ 87,633 | \$ 13,889 |

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 11—Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Changes in Net HIC OPEB Liability - Component Unit School Board (Nonprofessional)

| | Total HIC OPEB Liability (a) | Plan Fiduciary Net Position (b) | Net HIC OPEB Liability (Asset) (a) - (b) |
|---|---------------------------------------|--|---|
| Balances at June 30, 2020 | \$ 663,550 | \$ (43,057) | \$ 706,607 |
| Changes for the year: | | | |
| Service cost | \$ 3,775 | \$ - | \$ 3,775 |
| Interest | 43,658 | - | 43,658 |
| Differences between expected and actual experience | (270,374) | - | (270,374) |
| Assumption changes | 5,340 | - | 5,340 |
| Contributions - employer | - | 88,957 | (88,957) |
| Net investment income | - | 213 | (213) |
| Benefit payments | (33,506) | (33,506) | - |
| Administrative expenses | - | (49) | 49 |
| Net changes | \$ (251,107) | \$ 55,615 | \$ (306,722) |
| Balances at June 30, 2021 | \$ 412,443 | \$ 12,558 | \$ 399,885 |

Sensitivity of the County's and Component Unit School Board's (Nonprofessional) HIC Net OPEB Liability to Changes in the Discount Rate

The following presents the County's and Component Unit School Board's (Nonprofessional) HIC Plan net HIC OPEB liability using the discount rate of 6.75%, as well as what the County's and Component Unit School Board's (nonprofessional) 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 (5.75%) | Current Discount (6.75%) | 1% Increase (7.75%) |
| County's | | | |
| Net HIC OPEB Liability | \$ 23,394 | \$ 13,889 | \$ 5,686 |
| Component Unit School Board's (Nonprofessional) | | | |
| Net HIC OPEB Liability | \$ 437,877 | \$ 399,885 | \$ 367,248 |

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 11—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

For the year ended June 30, 2022, the County and Component Unit School Board (Nonprofessional) recognized Health Insurance Credit Plan OPEB expense of \$1,009 and \$3,371, respectively. At June 30, 2022, the County and Component Unit School Board (Nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to the County’s and Component Unit School Board’s (nonprofessional) HIC Plan 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 | \$ 3,812 | \$ 2,760 | \$ 10,073 | \$ 205,685 |
| Net difference between projected and actual earnings on HIC OPEB plan investments | - | 8,855 | - | 4,321 |
| Change in assumptions | 1,329 | 106 | 56,760 | - |
| Employer contributions subsequent to the measurement date | 3,410 | - | 87,833 | - |
| Total | \$ 8,551 | \$ 11,721 | \$ 154,666 | \$ 210,006 |

\$3,410 and \$87,833 reported as deferred outflows of resources related to the HIC OPEB resulting from the County and Component Unit School Board (Nonprofessional) contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

| Year Ended June 30 | Primary Government | Component Unit School Board (Nonprofessional) |
|--------------------|--------------------|--|
| 2023 | \$ (1,772) | \$ (37,228) |
| 2024 | (970) | (39,243) |
| 2025 | (1,570) | (55,646) |
| 2026 | (2,268) | (11,056) |

Health Insurance Credit Program Plan Data

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

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 12—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.

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

Eligible Employees

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

Benefit Amounts

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

HIC Plan Notes

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

Contributions

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2022 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee HIC Plan. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee HIC Program were \$238,340 and \$234,519 for the years ended June 30, 2022 and June 30, 2021, respectively.

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 12—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, 2022, the school division reported a liability of \$2,812,941 for its proportionate share of the VRS Teacher Employee HIC Net OPEB Liability. The Net VRS Teacher Employee HIC OPEB Liability was measured as of June 30, 2021 and the total VRS Teacher Employee HIC OPEB liability used to calculate the Net VRS Teacher Employee HIC OPEB Liability was determined by an actuarial valuation performed as of June 30, 2020 and rolled forward to the measurement date of June 30, 2021. The school division’s proportion of the Net VRS Teacher Employee HIC OPEB Liability was based on the school division’s actuarially determined employer contributions to the VRS Teacher Employee HIC OPEB plan for the year ended June 30, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the school division’s proportion of the VRS Teacher Employee HIC was 0.21915% as compared to 0.22330% at June 30, 2020.

For the year ended June 30, 2022, the school division recognized VRS Teacher Employee HIC OPEB expense of \$198,930. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher Employee HIC Net OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2022, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee HIC Plan OPEB from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Differences between expected and actual experience | \$ - | \$ 49,086 |
| Net difference between projected and actual earnings on Teacher HIC OPEB plan investments | - | 37,055 |
| Change in assumptions | 76,039 | 11,305 |
| Change in proportion | 23,602 | 129,985 |
| Employer contributions subsequent to the measurement date | <u>238,340</u> | <u>-</u> |
| Total | <u>\$ 337,981</u> | <u>\$ 227,431</u> |

\$238,340 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division’s contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2023.

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 12—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 OPEB (Continued)

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> | |
|---------------------------|-------------|
| 2023 | \$ (33,603) |
| 2024 | (34,024) |
| 2025 | (28,278) |
| 2026 | (19,931) |
| 2027 | (5,697) |
| Thereafter | (6,257) |

Actuarial Assumptions

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee HIC Plan was based on an actuarial valuation as of June 30, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

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

Mortality Rates - Teachers

Pre-Retirement:

Pub-2010 Amount Weighted 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

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 12—Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

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

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

Net Teacher Employee HIC OPEB Liability

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

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

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

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 12—Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Long-Term Expected Rate of Return

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

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

*The above allocation provides a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

*On October 10, 2019, the VRS Board elected a long-term rate of 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%.

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COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 12—Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Discount Rate

The discount rate used to measure the total Teacher Employee HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2021, the rate contributed by each school division for the VRS Teacher Employee HIC Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2021 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

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 Health Insurance Credit 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 (5.75%) | Current Discount (6.75%) | 1% Increase (7.75%) |
| School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan Net HIC OPEB Liability | \$ 3,166,592 | \$ 2,812,941 | \$ 2,513,668 |

Teacher Employee HIC OPEB Fiduciary Net Position

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

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COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 13—Line of Duty Act (LODA) Program:

Plan Description

The Virginia Retirement System (VRS) Line of Duty Act Program (LODA) was established pursuant to §9.1-400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The LODA Program provides death and health insurance benefits to eligible state employees and local government employees, including volunteers, who die or become disabled as a result of the performance of their duties as a public safety officer. In addition, health insurance benefits are provided to eligible survivors and family members. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System). Participating employers made contributions to the program beginning in FY 2012. The employer contributions are determined by the System's actuary using anticipated program costs and the number of covered individuals associated with all participating employers.

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

Eligible Employees

All paid employees and volunteers in hazardous duty positions in Virginia localities as well as hazardous duty employees who are covered under the Virginia Retirement System (VRS), the State Police Officers' Retirement System (SPORS), or the Virginia Law Officers' Retirement System (VaLORS) are automatically covered by the LODA Program. As required by statute, the Virginia Retirement System (the System) is responsible for managing the assets of the program.

Benefit Amounts

The LODA program death benefit is a one-time payment made to the beneficiary or beneficiaries of a covered individual. Amounts vary as follows: \$100,000 when a death occurs as the direct or proximate result of performing duty as of January 1, 2006, or after; \$25,000 when the cause of death is attributed to one of the applicable presumptions and occurred earlier than five years after the retirement date; or an additional \$20,000 benefit is payable when certain members of the National Guard and U.S. military reserves are killed in action in any armed conflict on or after October 7, 2001.

The LODA program also provides health insurance benefits. The health insurance benefits are managed through the Virginia Department of Human Resource Management (DHRM). The health benefits are modeled after the State Employee Health Benefits Program plans and provide consistent, premium-free continued health plan coverage for LODA-eligible disabled individuals, survivors and family members.

Contributions

The contribution requirements for the LODA Program are governed by §9.1-400.1 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each employer's contractually required employer contribution rate for the LODA Program for the year ended June 30, 2022 was \$722.55 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019 and represents the pay-as-you-go funding rate and not the full actuarial cost of the benefits under the program. The actuarially determined pay-as-you-go rate was expected to finance the costs and related expenses of benefits payable during the year. Contributions to the LODA Program from the entity were \$64,669 and \$64,020 for the years ended June 30, 2022 and June 30, 2021, respectively.

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 13—Line of Duty Act (LODA) Program: (Continued)

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

At June 30, 2022, the entity reported a liability of \$2,050,611 for its proportionate share of the Net LODA OPEB Liability. The Net LODA OPEB Liability was measured as of June 30, 2021 and the total LODA OPEB liability used to calculate the Net LODA OPEB Liability was determined by an actuarial valuation as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. The entity’s proportion of the Net LODA OPEB Liability was based on the entity’s actuarially determined pay-as-you-go employer contributions to the LODA OPEB plan for the year ended June 30, 2021 relative to the total of the actuarially determined pay-as-you-go employer contributions for all participating employers. At June 30, 2021, the entity’s proportion was 0.46500% as compared to 0.50110% at June 30, 2020.

For the year ended June 30, 2022, the entity recognized LODA OPEB expense of \$177,969. Since there was a change in proportionate share between measurement dates, a portion of the LODA OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2022, the entity reported deferred outflows of resources and deferred inflows of resources related to the LODA OPEB from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Differences between expected and actual experience | \$ 170,966 | \$ 310,480 |
| Net difference between projected and actual earnings on LODA OPEB program investments | - | 11,874 |
| Change in assumptions | 567,472 | 98,090 |
| Change in proportion | 84,973 | 205,450 |
| Employer contributions subsequent to the measurement date | <u>64,669</u> | <u>-</u> |
| Total | <u>\$ 888,080</u> | <u>\$ 625,894</u> |

\$64,669 reported as deferred outflows of resources related to the LODA OPEB resulting from the entity’s contributions subsequent to the measurement date will be recognized as a reduction of the Net LODA OPEB Liability in the fiscal year ending June 30, 2023.

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2022

Note 13—Line of Duty Act (LODA) Program: (Continued)

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

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the LODA OPEB will be recognized in LODA OPEB expense in future reporting periods as follows:

| <u>Year Ended June 30</u> | |
|---------------------------|-----------|
| 2023 | \$ 36,246 |
| 2024 | 36,792 |
| 2025 | 36,953 |
| 2026 | 37,124 |
| 2027 | 39,574 |
| Thereafter | 10,828 |

Actuarial Assumptions

The total LODA OPEB liability was based on an actuarial valuation as of June 30, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

| | |
|--|-----------------------------|
| Inflation | 2.50% |
| Salary increases, including inflation: | |
| Locality employees | N/A |
| Medical cost trend rates assumption: | |
| Under age 65 | 7.00%-4.75% |
| Ages 65 and older | 5.375%-4.75% |
| Year of ultimate trend rate | |
| Under age 65 | Fiscal year ended 2029 |
| Ages 65 and older | Fiscal year ended 2024 |
| Investment rate of return | 2.16%, including inflation* |

*Since LODA is funded on a current-disbursement basis, the assumed annual rate of return of 2.16% was used since it approximates the risk-free rate of return.

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 13—Line of Duty Act (LODA) Program: (Continued)

Actuarial Assumptions (Continued)

Mortality Rates - Non-Largest Ten Locality Employers with Public Safety Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study 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 |

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 13—Line of Duty Act (LODA) Program: (Continued)

Net LODA OPEB Liability

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

| | <u>LODA Program</u> |
|---|---------------------|
| Total LODA OPEB Liability | \$ 448,542 |
| Plan Fiduciary Net Position | 7,553 |
| LODA Net OPEB Liability (Asset) | <u>\$ 440,989</u> |
| Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability | 1.68% |

The total LODA 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 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.

Long-Term Expected Rate of Return

The long-term expected rate of return on LODA OPEB Program’s investments was set at 2.16% for this valuation. Since LODA is funded on a current-disbursement basis, it is not able to use the VRS Pooled Investments 6.75% assumption. Instead, the assumed annual rate of return of 2.16% was used since it approximates the risk-free rate of return. This Single Equivalent Interest Rate (SEIR) is the applicable municipal bond index rate based on the Bond Buyer General Obligation 20-year Municipal Bond Index as of the measurement date of June 30, 2021.

Discount Rate

The discount rate used to measure the total LODA OPEB liability was 2.16%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made per the VRS Statutes and that they will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2021, the rate contributed by participating employers to the LODA OPEB Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly.

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COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 13—Line of Duty Act (LODA) Program: (Continued)

Sensitivity of the Covered Employer’s Proportionate Share of the Net LODA OPEB Liability to Changes in the Discount Rate

The following presents the covered employer’s proportionate share of the net LODA OPEB liability using the discount rate of 2.16%, as well as what the covered employer’s proportionate share of the net LODA OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.16%) or one percentage point higher (3.16%) than the current rate:

| | Discount Rate | | |
|--|------------------------|--------------------|------------------------|
| | 1% Decrease (1.16%) | Current (2.16%) | 1% Increase (3.16%) |
| County’s proportionate share of the LODA Net OPEB Liability | \$ 2,358,954 | \$ 2,050,611 | \$ 1,805,607 |

Sensitivity of the Covered Employer’s Proportionate Share of the Net LODA OPEB Liability to Changes in the Health Care Trend Rate

Because the LODA Program contains a provision for the payment of health insurance premiums, the liabilities are also impacted by the health care trend rates. The following presents the covered employer’s proportionate share of the net LODA OPEB liability using the health care trend rate of 7.00% decreasing to 4.75%, as well as what the covered employer’s proportionate share of the net LODA OPEB liability would be if it were calculated using a health care trend rate that is one percentage point lower (6.00% decreasing to 3.75%) or one percentage point higher (8.00% decreasing to 5.75%) than the current rate:

| | Health Care Trend Rates | | |
|--|---|---|---|
| | 1% Decrease (6.00% decreasing to 3.75%) | Current (7.00% decreasing to 4.75%) | 1% Increase (8.00% decreasing to 5.75%) |
| County’s proportionate share of the LODA Net OPEB Liability | \$ 1,682,578 | \$ 2,050,611 | \$ 2,522,505 |

LODA OPEB Fiduciary Net Position

Detailed information about the LODA Program Fiduciary Net Position is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2021-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 14-Aggregate OPEB Information:

| | Primary Government | | | | Component Unit School Board | | | |
|--|--------------------|------------------|--------------------|--------------|-----------------------------|------------------|--------------------|--------------|
| | Deferred Outflows | Deferred Inflows | Net OPEB Liability | OPEB Expense | Deferred Outflows | Deferred Inflows | Net OPEB Liability | OPEB Expense |
| County Stand-Alone Plan (Note 8) | \$ 269,723 | \$ 137,216 | \$ 760,949 | \$ 1,009 | \$ - | \$ - | \$ - | \$ - |
| School Stand-Alone Plan (Note 9) | - | - | - | - | 2,396,083 | 617,219 | 11,856,494 | 1,393,130 |
| VRS OPEB Plans: | | | | | | | | |
| Group Life Insurance Plan (Note 10): | | | | | | | | |
| County | 107,639 | 155,995 | 354,521 | 13,445 | - | - | - | - |
| School Board Nonprofessional | - | - | - | - | 37,553 | 76,369 | 142,390 | (584) |
| School Board Professional | - | - | - | - | 299,644 | 468,027 | 1,094,065 | 29,213 |
| County Health Insurance Credit Plan (Note 11) | 8,551 | 11,721 | 13,889 | 1,009 | - | - | - | - |
| Nonprofessional Health Insurance Credit Plan (Note 11) | - | - | - | - | 154,666 | 210,006 | 399,885 | 3,371 |
| Teacher Health Insurance Credit Plan (Note 12) | - | - | - | - | 337,981 | 227,431 | 2,812,941 | 198,930 |
| Line of Duty Act (LODA) Program (Note 13) | 888,080 | 625,894 | 2,050,611 | 177,969 | - | - | - | - |
| Totals | \$ 1,273,993 | \$ 930,826 | \$ 3,179,970 | \$ 193,432 | \$ 3,225,927 | \$ 1,599,052 | \$ 16,305,775 | \$ 1,624,060 |

Note 15-Capital Assets:

Capital asset activity for the year ended June 30, 2022 was as follows:

Primary Government:

| | Beginning Balance | GASB No. 87 Implementation | Increases | Decreases | Ending Balance |
|---|-------------------|----------------------------|----------------|----------------|-----------------|
| Governmental Activities: | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Land | \$ 663,931 | \$ - | \$ 37,422 | \$ - | \$ 701,353 |
| Construction in progress | 744,487 | - | 4,419,919 | - | 5,164,406 |
| Total capital assets not being depreciated | \$ 1,408,418 | \$ - | \$ 4,457,341 | \$ - | \$ 5,865,759 |
| Capital assets, being depreciated: | | | | | |
| Buildings and improvements | \$ 22,928,921 | \$ - | \$ 23,200 | \$ (1,802,210) | \$ 21,149,911 |
| Machinery and equipment | 6,500,659 | - | 344,291 | (743,832) | 6,101,118 |
| Total capital assets being depreciated | \$ 29,429,580 | \$ - | \$ 367,491 | \$ (2,546,042) | \$ 27,251,029 |
| Accumulated depreciation: | | | | | |
| Buildings and improvements | \$ (9,915,514) | \$ - | \$ (678,198) | \$ 947,622 | \$ (9,646,090) |
| Machinery and equipment | (4,630,093) | - | (515,681) | 381,240 | (4,764,534) |
| Total accumulated depreciation | \$ (14,545,607) | \$ - | \$ (1,193,879) | \$ 1,328,862 | \$ (14,410,624) |
| Total capital assets being depreciated, net | \$ 14,883,973 | \$ - | \$ (826,388) | \$ (1,217,180) | \$ 12,840,405 |
| Intangible right-to-use capital assets, being amortized: | | | | | |
| Buildings and improvements | \$ - | \$ 3,361,167 | \$ - | \$ - | \$ 3,361,167 |
| Machinery and equipment | - | 439,140 | 76,829 | - | 515,969 |
| Total intangible right-to-use capital assets, being amortized | \$ - | \$ 3,800,307 | \$ 76,829 | \$ - | \$ 3,877,136 |
| Accumulated amortization: | | | | | |
| Buildings and improvements | \$ - | \$ - | \$ (622,066) | \$ - | \$ (622,066) |
| Machinery and equipment | - | - | (124,005) | - | (124,005) |
| Total accumulated amortization | \$ - | \$ - | \$ (746,071) | \$ - | \$ (746,071) |
| Total intangible right-to-use capital assets, net | \$ - | \$ 3,800,307 | \$ (669,242) | \$ - | \$ 3,131,065 |
| Governmental activities capital assets, net | \$ 16,292,391 | \$ 3,800,307 | \$ 2,961,711 | \$ (1,217,180) | \$ 21,837,229 |

During the fiscal year, the County transferred several assets to the Component Unit - School Board with an original cost of \$2,224,021 and accumulated depreciation of \$1,140,189 (net book value of \$1,083,832).

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 15-Capital Assets: (Continued)

Primary Government: (Continued)

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|--|------------------------------|---------------------|------------------|---------------------------|
| Business-type Activities: | | | | |
| Capital assets, being depreciated: | | | | |
| Utility plant | \$ 5,240,699 | \$ - | \$ - | \$ 5,240,699 |
| Machinery and equipment | 8,148 | - | - | 8,148 |
| Total capital assets being depreciated | <u>\$ 5,248,847</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 5,248,847</u> |
| Accumulated depreciation: | | | | |
| Utility plant | \$ (3,034,227) | \$ (131,017) | \$ - | \$ (3,165,244) |
| Machinery and equipment | (5,883) | (2,264) | - | (8,147) |
| Total accumulated depreciation | <u>\$ (3,040,110)</u> | <u>\$ (133,281)</u> | <u>\$ -</u> | <u>\$ (3,173,391)</u> |
| Total capital assets being depreciated, net | <u>\$ 2,208,737</u> | <u>\$ (133,281)</u> | <u>\$ -</u> | <u>\$ 2,075,456</u> |
| Business-type activities capital assets, net | <u>\$ 2,208,737</u> | <u>\$ (133,281)</u> | <u>\$ -</u> | <u>\$ 2,075,456</u> |

Depreciation/amortization expense was charged to functions/programs of the primary government as follows:

| | |
|--|---------------------|
| Governmental activities: | |
| General government administration | \$ 31,862 |
| Judicial administration | 3,532 |
| Public safety | 328,064 |
| Public works | 211,660 |
| Health and welfare | 163,780 |
| Education | 700,959 |
| Parks, recreation, and cultural | 26,008 |
| Community development | 474,085 |
| Total depreciation/amortization expense-governmental activities | <u>\$ 1,939,950</u> |
| Business-type activities: | |
| Sewer Authority | <u>\$ 133,281</u> |

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 15-Capital Assets: (Continued)

Capital asset activity for the School Board for the year ended June 30, 2022 was as follows:

Discretely Presented Component Unit - School Board:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|----------------------|----------------|-----------|-------------------|
| Capital assets, not being depreciated: | | | | |
| Land | \$ 5,628,295 | \$ - | \$ - | \$ 5,628,295 |
| Construction in progress | 636,710 | 7,159,042 | - | 7,795,752 |
| Total capital assets not being depreciated | \$ 6,265,005 | \$ 7,159,042 | \$ - | \$ 13,424,047 |
| Capital assets, being depreciated: | | | | |
| Buildings and improvements | \$ 33,805,199 | \$ 1,839,258 | \$ - | \$ 35,644,457 |
| Machinery and equipment | 8,546,636 | 1,320,522 | - | 9,867,158 |
| Total capital assets being depreciated | \$ 42,351,835 | \$ 3,159,780 | \$ - | \$ 45,511,615 |
| Accumulated depreciation: | | | | |
| Buildings and improvements | \$ (23,275,482) | \$ (1,749,121) | \$ - | \$ (25,024,603) |
| Machinery and equipment | (7,093,564) | (554,593) | - | (7,648,157) |
| Total accumulated depreciation | \$ (30,369,046) | \$ (2,303,714) | \$ - | \$ (32,672,760) |
| Total capital assets being depreciated, net | \$ 11,982,789 | \$ 856,066 | \$ - | \$ 12,838,855 |
| Intangible right-to-use capital assets, being amortized: | | | | |
| Machinery and equipment | \$ - | \$ 402,114 | \$ - | \$ 402,114 |
| Total intangible right-to-use capital assets, being amortized | \$ - | \$ 402,114 | \$ - | \$ 402,114 |
| Accumulated amortization: | | | | |
| Machinery and equipment | \$ - | \$ (15,821) | \$ - | \$ (15,821) |
| Total accumulated amortization | \$ - | \$ (15,821) | \$ - | \$ (15,821) |
| Total intangible right-to-use capital assets, net | \$ - | \$ 386,293 | \$ - | \$ 386,293 |
| Governmental activities capital assets, net | \$ 18,247,794 | \$ 8,401,401 | \$ - | \$ 26,649,195 |

During the fiscal year, the County transferred several assets to the Component Unit - School Board with an original cost of \$2,224,021 and accumulated depreciation of \$1,140,189 (net book value of \$1,083,832).

Note 17-Risk Management:

The County and its Component Unit - School Board are exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The County and the related Component Unit - School Board participate with other localities in a public entity risk pool for their coverage of general liability, property, crime and auto insurance with the Virginia Association of Counties Risk Pool. Each member of this risk pool jointly and severally agrees to assume, pay and discharge any liability. The County and the School Board pay the Risk Pool contributions and assessments based upon classification and rates into a designated cash reserve fund out of which expenses of the pool, claims and awards are to be paid. In the event of a loss, deficit, or depletion of all available excess insurance, the pool may assess all members in the proportion to which the premium of each bears to the total premiums of all members in the year in which such deficit occurs. The County and its Component Unit - School Board continue to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 17-Contingent Liabilities:

Federal programs in which the County and its component units participate were audited in accordance with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Pursuant to the provisions of this guidance all major programs and certain other programs were tested for compliance with applicable grant requirements. While no matters of noncompliance were disclosed by audit, the Federal Government may subject grant programs to additional compliance tests, which may result in disallowed expenditures. In the opinion of management, future disallowances of current grant program expenditures, if any, would be immaterial.

Note 18-Surety Bonds:

| | |
|---|--------------|
| <u>Fidelity & Deposit Company of Maryland-Surety:</u> | |
| Ann S. McReynolds, Clerk of the Circuit Court | \$ 1,010,000 |
| Alicia McGlothlin, Treasurer | 400,000 |
| Randy N. Williams, Commissioner of the Revenue | 3,000 |
| Steve Dye, Sheriff | 30,000 |
| All constitutional officers' employees: blanket bond | 50,000 |
| <u>Hartford Company - Surety:</u> | |
| Brooke Webb - Clerk of the School Board | \$ 10,000 |
| All school employees: blanket bond | 10,000 |
| <u>USF&G Insurance Co. - Surety:</u> | |
| All Social Services employees-blanket bond | \$ 100,000 |

Note 19-Landfill Closure and Postclosure Care Cost:

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site after closure. The total estimated closure and postclosure care liability at June 30, 2022 is \$315,976. This represents the cumulative amount based on the use of 100% of the estimated capacity of the landfill and is based on what it would cost to perform all remaining closure and postclosure in 2022. Actual costs for closure and postclosure monitoring may change due to inflation, deflation, changes in technology or changes in regulations. The County uses the Commonwealth of Virginia's financial assurance mechanism to meet the Department of Environmental Quality's assurance requirements for landfill closure and postclosure costs.

The County demonstrated financial assurance requirements for closure, post-closure 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 9VA C20-70 of the Virginia Administrative Code.

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 20-Deferred/Unavailable Revenue:

Deferred revenue/unavailable revenue represent 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.

| | Government-wide Statement of Net Position Governmental Activities | Balance Sheet Governmental Funds |
|---|---|-------------------------------------|
| 2nd half taxes due December 2022 | \$ 5,296,247 | \$ 5,296,247 |
| Delinquent taxes due prior to June 30, 2022 | - | 3,221,507 |
| Prepaid taxes | 250,738 | 250,738 |
| Total deferred/unavailable revenue | <u>\$ 5,546,985</u> | <u>\$ 8,768,492</u> |

Note 21-Self Health Insurance:

The County of Russell, Virginia established a limited risk management program for health insurance. Premiums are paid into the health plan fund from the County and School Board and are available to pay claims, and administrative costs of the program. During the fiscal year 2022, a total of \$7,970,681 was paid in benefits and administrative costs. The risk assumed by the County and School Board is based on the number of participants in the program. The risk varies by the number of participants and their specific plan type. As of June 30, 2022, the County and School Board were exposed to risk which represents the difference between the claims to date and the ceiling liability as calculated based on enrollment levels and health plan coverage. Additional costs in excess of the ceiling liability are covered as part of the contract with the County. Incurred but not reported claims of \$833,542 have been accrued as a liability based primarily on actual cost incurred prior to June 30 but paid after year-end. Interfund premiums are based primarily upon the insured funds' claims experience and are reported as quasi-external interfund transactions. Changes in the claims liability during fiscal year 2022 and the two preceding fiscal years were as follows:

| Fiscal Year | Balance at Beginning of Fiscal Year | Current Year Claims and Changes in Estimates | Claim Payments | Balance at End of Fiscal Year |
|-------------|---|---|-------------------|-------------------------------------|
| 2021-22 | \$ 548,640 | \$ 8,255,583 | \$ (7,970,681) | \$ 833,542 |
| 2020-21 | 550,591 | 6,532,274 | (6,534,225) | 548,640 |
| 2019-20 | 864,737 | 5,460,900 | (5,775,046) | 550,591 |

Note 22-Moral Obligation:

During 2021, all Virginia Resource Authority (VRA) bonds were refinanced and combined into two revenue bonds. Included in the refinancing were bonds previously issued by the County of Russell, amounts issued by Castlewood Water and Sewer Authority, as well as bonds issued by the Russell County Public Service Authority (PSA). All of the bonds previously in the County's and Castlewood Water and Sewer Authority's name are now in the PSA's name.

The County signed a support agreement that requires the County to fund all debt service where revenues are not sufficient to cover the payments. The County has agreed to continue to pay the debt service for the loans originally issued in the County's name and are shown in long-term obligations as locality compensation payments.

As of June 30, 2022, the balance of those loans was \$3,124,417.

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 23-Commitments and Contingencies:

The County and School Board have obligated funds for the projects described below as of June 30, 2022:

| | Original Contract | Amount Paid as of 6/30/2022 | Amount of Contract Outstanding | Accounts Payable as of 6/30/2022 | Retainage Payable as of 6/30/2022 |
|----------------------------------|----------------------|--------------------------------|--------------------------------------|-------------------------------------|--------------------------------------|
| County Contracts: | | | | | |
| Courthouse Renovation | \$ 13,480,853 | \$ 3,242,196 | \$ 10,238,657 | \$ 684,985 | \$ 162,077 |
| Total Contracts | <u>\$ 13,480,853</u> | <u>\$ 3,242,196</u> | <u>\$ 10,238,657</u> | <u>\$ 684,985</u> | <u>\$ 162,077</u> |
| School Board Contracts: | | | | | |
| HVAC Systems | \$ 1,957,024 | \$ 1,930,553 | \$ 26,471 | \$ 202,686 | \$ - |
| Lebanon Middle School Fieldhouse | 2,196,102 | 874,276 | 1,321,826 | 457,618 | 43,714 |
| Total Contracts | <u>\$ 4,153,126</u> | <u>\$ 2,804,829</u> | <u>\$ 1,348,297</u> | <u>\$ 660,304</u> | <u>\$ 43,714</u> |

Note 24-Litigation:

As of June 30, 2022, there were no matters of litigation involving the County which would materially affect the County's financial position should any court decisions on pending matters not be favorable.

Note 25 - Subsequent Events:

ARPA Funding

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

On May 20, 2021, the County received its share of the first half of the CSLFRF funds. The second half was received June 30, 2022. As a condition of receiving CSLFRF funds, any funds unobligated by December 31, 2024, and unexpended by December 31, 2026, will be returned to the federal government. Unspent funds in the amount of \$4,454,319 from the allocation are reported as unearned revenue as of June 30.

ESF Funding

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

COUNTY OF RUSSELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 26-Adoption of Accounting Principle:

The County implemented provisions of Governmental Accounting Standards Board Statement No. 87, *Leases* during the fiscal year ended June 30, 2022. Statement No. 87, *Leases* requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. No restatement of beginning net position was required as a result of this implementation. Using the facts and circumstances that existed at the beginning of the year of implementation, the following balances were recognized as of July 1, 2021 related to the leases:

| | Primary Government <hr/> Governmental Activities <hr/> |
|-------------------|--|
| Lessee activity: | |
| Lease assets | \$ 3,800,307 |
| Lease liabilities | \$ <u>(3,800,307)</u> |

Note 27-Upcoming Pronouncements:

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

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

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

Statement No. 99, *Omnibus 2022*, addresses (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 for fiscal years beginning after June 15, 2023.

Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*, provides more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability for accounting changes and error corrections. The requirements of this Statement are effective for fiscal years 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 fiscal years beginning after December 15, 2023.

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

Required Supplementary Information

County of Russell, Virginia
General Fund

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

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|--|----------------------|-----------------------|-----------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| General property taxes | \$ 16,636,127 | \$ 16,636,127 | \$ 16,579,875 | \$ (56,252) |
| Other local taxes | 2,894,735 | 2,848,848 | 3,839,387 | 990,539 |
| Permits, privilege fees, and regulatory licenses | 37,155 | 37,155 | 43,484 | 6,329 |
| Fines and forfeitures | 11,250 | 11,250 | 10,279 | (971) |
| Revenue from the use of money and property | 223,901 | 223,901 | 105,765 | (118,136) |
| Charges for services | 329,500 | 329,500 | 263,824 | (65,676) |
| Miscellaneous | 91,550 | 91,550 | 255,310 | 163,760 |
| Recovered costs | 427,380 | 427,380 | 1,206,570 | 779,190 |
| Intergovernmental: | | | | |
| Commonwealth | 9,212,640 | 9,212,640 | 8,969,598 | (243,042) |
| Federal | 3,452,406 | 3,452,406 | 3,465,402 | 12,996 |
| Total revenues | <u>\$ 33,316,644</u> | <u>\$ 33,270,757</u> | <u>\$ 34,739,494</u> | <u>\$ 1,468,737</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government administration | \$ 1,774,793 | \$ 2,144,758 | \$ 2,288,123 | \$ (143,365) |
| Judicial administration | 2,701,068 | 2,945,935 | 2,946,289 | (354) |
| Public safety | 6,324,650 | 7,014,707 | 6,567,080 | 447,627 |
| Public works | 2,725,517 | 3,500,272 | 2,921,766 | 578,506 |
| Health and welfare | 7,416,185 | 8,386,188 | 7,436,738 | 949,450 |
| Education | 7,916,969 | 7,985,349 | 8,717,736 | (732,387) |
| Parks, recreation, and cultural | 512,156 | 573,721 | 559,426 | 14,295 |
| Community development | 568,859 | 859,330 | 913,658 | (54,328) |
| Nondepartmental | 270,583 | 583,800 | 316,149 | 267,651 |
| Capital projects | 33,879 | 3,703,892 | 4,286,977 | (583,085) |
| Debt service: | | | | |
| Principal retirement | 1,669,592 | 1,780,240 | 1,860,240 | (80,000) |
| Interest and other fiscal charges | 450,736 | 619,442 | 647,911 | (28,469) |
| Total expenditures | <u>\$ 32,364,987</u> | <u>\$ 40,097,634</u> | <u>\$ 39,462,093</u> | <u>\$ 635,541</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>\$ 951,657</u> | <u>\$ (6,826,877)</u> | <u>\$ (4,722,599)</u> | <u>\$ 2,104,278</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | \$ (951,657) | \$ (951,657) | \$ (92,595) | \$ 859,062.00 |
| Issuance of general obligation bonds | - | - | 16,015,000 | 16,015,000 |
| Proceeds from lease purchases | - | - | 76,829 | 76,829 |
| Sale of capital assets | - | - | 408,650 | 408,650 |
| Total other financing sources (uses) | <u>\$ (951,657)</u> | <u>\$ (951,657)</u> | <u>\$ 16,407,884</u> | <u>\$ 17,359,541</u> |
| Net change in fund balances | \$ - | \$ (7,778,534) | \$ 11,685,285 | \$ 19,463,819 |
| Fund balances - beginning | - | 7,778,534 | 6,709,309 | (1,069,225) |
| Fund balances - ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 18,394,594</u> | <u>\$ 18,394,594</u> |

County of Russell, Virginia
 Special Revenue Fund - Coal Road Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2022

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|---|------------------|-------------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Other local taxes | \$ 150,000 | \$ 150,000 | \$ 515,884 | \$ 365,884 |
| Revenue from the use of money and property | - | - | 4,598 | 4,598 |
| Total revenues | \$ 150,000 | \$ 150,000 | \$ 520,482 | \$ 370,482 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public works | \$ 150,000 | \$ 209,159 | \$ 225,158 | \$ (15,999) |
| Excess (deficiency) of revenues over (under) expenditures | \$ - | \$ (59,159) | \$ 295,324 | \$ 354,483 |
| Net change in fund balances | \$ - | \$ (59,159) | \$ 295,324 | \$ 354,483 |
| Fund balances - beginning | - | 59,159 | 541,099 | 481,940 |
| Fund balances - ending | \$ - | \$ - | \$ 836,423 | \$ 836,423 |

County of Russell, Virginia
Special Revenue Fund - CARES Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2022

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|---|------------------|--------------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Revenue from the use of money and property | \$ - | \$ - | \$ 3,396 | \$ 3,396 |
| Intergovernmental: | | | | |
| Federal | - | - | 17,698 | 17,698 |
| Total revenues | \$ - | \$ - | \$ 21,094 | \$ 21,094 |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government administration | \$ - | \$ 1,027 | \$ - | \$ 1,027 |
| Public safety | - | 18,175 | - | 18,175 |
| Public works | - | 5,701 | - | 5,701 |
| Health and welfare | - | 147,390 | 171,657 | (24,267) |
| Total expenditures | \$ - | \$ 172,293 | \$ 171,657 | \$ 636 |
| Excess (deficiency) of revenues over (under) expenditures | \$ - | \$ (172,293) | \$ (150,563) | \$ 21,730 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | \$ - | \$ - | \$ 51,726 | \$ 51,726 |
| Total other financing sources (uses) | \$ - | \$ - | \$ 51,726 | \$ 51,726 |
| Net change in fund balances | \$ - | \$ (172,293) | \$ (98,837) | \$ 73,456 |
| Fund balances - beginning | - | 172,293 | - | (172,293) |
| Fund balances - ending | \$ - | \$ - | \$ (98,837) | \$ (98,837) |

County of Russell, Virginia
Special Revenue Fund - ARPA Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2022

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|---|------------------|------------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Intergovernmental: | | | | |
| Federal | \$ - | \$ 727,173 | \$ 709,700 | \$ (17,473) |
| Total revenues | \$ - | \$ 727,173 | \$ 709,700 | \$ (17,473) |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government administration | \$ - | \$ 311,696 | \$ 311,695 | \$ 1 |
| Public safety | - | 303,560 | 286,089 | 17,471 |
| Public works | - | 111,917 | 62,579 | 49,338 |
| Total expenditures | \$ - | \$ 727,173 | \$ 660,363 | \$ 66,810 |
| Excess (deficiency) of revenues over (under) expenditures | \$ - | \$ - | \$ 49,337 | \$ 49,337 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | \$ - | \$ - | \$ (51,726) | \$ (51,726) |
| Transfers in | - | - | 2,389 | 2,389 |
| Total other financing sources (uses) | \$ - | \$ - | \$ (49,337) | \$ (49,337) |
| Net change in fund balances | \$ - | \$ - | \$ - | \$ - |
| Fund balances - beginning | - | - | - | - |
| Fund balances - ending | \$ - | \$ - | \$ - | \$ - |

County of Russell, Virginia
 Schedule of Employer's Proportionate Share of the Net Pension Liability
 Pension Plans
 For the Measurement Dates of June 30, 2014 through June 30, 2021

| Date (1) | Employer's Proportion of the Net Pension Liability (NPL) (2) | Employer's Proportionate Share of the NPL (3) | Employer's Covered Payroll (4) | Employer's Proportionate Share of the NPL as a Percentage of Covered Payroll (3)/(4) (5) | Plan Fiduciary Net Position as a Percentage of Total Pension Liability (6) |
|--|--|--|---|--|---|
| Primary Government - County Retirement Plan | | | | | |
| 2021 | 99.1811% | \$ 3,751,136 | \$ 6,234,472 | 60.17% | 90.25% |
| 2020 | 99.1463% | 7,641,214 | 6,303,680 | 121.22% | 78.56% |
| 2019 | 99.0170% | 5,923,033 | 6,020,423 | 98.38% | 86.16% |
| 2018 | 99.2670% | 4,411,185 | 6,123,587 | 72.04% | 84.04% |
| 2017 | 99.2986% | 4,976,088 | 4,808,206 | 103.49% | 77.80% |
| 2016 | 98.6202% | 6,835,305 | 5,467,426 | 125.02% | 77.80% |
| 2015 | 99.1179% | 5,970,089 | 5,368,165 | 111.21% | 80.39% |
| 2014 | 99.1179% | 5,782,839 | 5,440,419 | 106.29% | 80.53% |
| Component Unit School Board (professional) | | | | | |
| 2021 | 0.22165% | \$ 17,206,905 | \$ 19,381,708 | 88.78% | 85.46% |
| 2020 | 0.22620% | 32,910,764 | 19,575,194 | 168.12% | 71.47% |
| 2019 | 0.22271% | 29,309,901 | 18,519,029 | 158.27% | 73.51% |
| 2018 | 0.22864% | 26,888,000 | 18,374,518 | 146.33% | 74.81% |
| 2017 | 0.22904% | 28,167,000 | 17,982,879 | 156.63% | 72.92% |
| 2016 | 0.23491% | 32,921,000 | 17,914,579 | 183.77% | 68.28% |
| 2015 | 0.23337% | 29,373,000 | 17,363,701 | 169.16% | 70.68% |
| 2014 | 0.23360% | 28,229,000 | 17,083,236 | 165.24% | 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 Russell, Virginia
 Schedule of Changes in Net Pension Liability and Related Ratios
 Component Unit School Board (nonprofessional)
 Pension Plans
 For the Measurement Dates of June 30, 2014 through June 30, 2021

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Total pension liability | | | | | | | | |
| Service cost | \$ 203,236 | \$ 218,448 | \$ 215,965 | \$ 222,182 | \$ 241,584 | \$ 228,855 | \$ 261,697 | \$ 263,958 |
| Interest | 1,240,763 | 1,219,062 | 1,200,584 | 1,189,675 | 1,149,952 | 1,151,059 | 1,132,997 | 1,116,022 |
| Differences between expected and actual experience | (305,011) | 305,989 | 376,115 | 21,651 | 340,261 | (240,897) | 20,402 | - |
| Changes of assumptions | 477,264 | - | 447,422 | - | 32,003 | - | - | - |
| Benefit payments | (1,531,107) | (1,312,901) | (1,349,305) | (1,206,028) | (1,186,620) | (1,123,037) | (1,191,112) | (1,083,833) |
| Net change in total pension liability | <u>\$ 85,145</u> | <u>\$ 430,598</u> | <u>\$ 890,781</u> | <u>\$ 227,480</u> | <u>\$ 577,180</u> | <u>\$ 15,980</u> | <u>\$ 223,984</u> | <u>\$ 296,147</u> |
| Total pension liability - beginning | 19,147,231 | 18,716,633 | 17,825,852 | 17,598,372 | 17,021,192 | 17,005,212 | 16,781,228 | 16,485,081 |
| Total pension liability - ending (a) | <u><u>\$ 19,232,376</u></u> | <u><u>\$ 19,147,231</u></u> | <u><u>\$ 18,716,633</u></u> | <u><u>\$ 17,825,852</u></u> | <u><u>\$ 17,598,372</u></u> | <u><u>\$ 17,021,192</u></u> | <u><u>\$ 17,005,212</u></u> | <u><u>\$ 16,781,228</u></u> |
| Plan fiduciary net position | | | | | | | | |
| Contributions - employer | \$ 518,030 | \$ 456,975 | \$ 447,436 | \$ 443,319 | \$ 450,897 | \$ 460,715 | \$ 425,544 | \$ 423,435 |
| Contributions - employee | 116,995 | 126,061 | 123,611 | 125,060 | 127,268 | 128,274 | 120,010 | 130,388 |
| Net investment income | 3,038,825 | 226,668 | 772,746 | 860,829 | 1,325,272 | 187,821 | 515,108 | 1,629,758 |
| Benefit payments | (1,531,107) | (1,312,901) | (1,349,305) | (1,206,028) | (1,186,620) | (1,123,037) | (1,191,112) | (1,083,833) |
| Administrator charges | (8,189) | (8,164) | (8,244) | (7,790) | (8,059) | (7,361) | (7,577) | (9,166) |
| Other | 282 | (262) | (485) | (755) | (1,167) | (82) | (108) | 86 |
| Net change in plan fiduciary net position | <u>\$ 2,134,836</u> | <u>\$ (511,623)</u> | <u>\$ (14,241)</u> | <u>\$ 214,635</u> | <u>\$ 707,591</u> | <u>\$ (353,670)</u> | <u>\$ (138,135)</u> | <u>\$ 1,090,668</u> |
| Plan fiduciary net position - beginning | 11,631,160 | 12,142,783 | 12,157,024 | 11,942,389 | 11,234,798 | 11,588,468 | 11,726,603 | 10,635,935 |
| Plan fiduciary net position - ending (b) | <u><u>13,765,996</u></u> | <u><u>11,631,160</u></u> | <u><u>12,142,783</u></u> | <u><u>12,157,024</u></u> | <u><u>11,942,389</u></u> | <u><u>11,234,798</u></u> | <u><u>11,588,468</u></u> | <u><u>11,726,603</u></u> |
| School Division's net pension liability - ending (a) - (b) | \$ 5,466,380 | \$ 7,516,071 | \$ 6,573,850 | \$ 5,668,828 | \$ 5,655,983 | \$ 5,786,394 | \$ 5,416,744 | \$ 5,054,625 |
| Plan fiduciary net position as a percentage of the total pension liability | 71.58% | 60.75% | 64.88% | 68.20% | 67.86% | 66.00% | 68.15% | 69.88% |
| Covered payroll | \$ 2,520,032 | \$ 2,670,960 | \$ 2,601,655 | \$ 2,610,768 | \$ 2,147,811 | \$ 2,648,956 | \$ 2,434,577 | \$ 2,612,301 |
| School Division's net pension liability as a percentage of covered payroll | 216.92% | 281.40% | 252.68% | 217.13% | 263.34% | 218.44% | 222.49% | 193.49% |

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 Russell, Virginia
 Schedule of Employer Contributions
 Pension Plans
 For the Years Ended June 30, 2013 through June 30, 2022

| Date | Contractually Required Contribution (1)* | Contributions in Relation to Contractually Required Contribution (2)* | Contribution Deficiency (Excess) (3) | Employer's Covered Payroll (4) | Contributions as a % of Covered Payroll (5) |
|--|---|--|---|---|---|
| Primary Government | | | | | |
| 2022 | \$ 843,088 | \$ 843,088 | \$ - | \$ 6,608,888 | 12.76% |
| 2021 | 798,031 | 798,031 | - | 6,234,472 | 12.80% |
| 2020 | 719,102 | 719,102 | - | 6,303,680 | 11.41% |
| 2019 | 681,397 | 681,397 | - | 6,020,423 | 11.32% |
| 2018 | 760,630 | 760,630 | - | 6,123,587 | 12.42% |
| 2017 | 718,233 | 718,233 | - | 4,808,206 | 14.94% |
| 2016 | 807,684 | 807,684 | - | 5,467,426 | 14.77% |
| 2015 | 794,360 | 794,360 | - | 5,368,165 | 14.80% |
| Component Unit School Board (nonprofessional) | | | | | |
| 2022 | \$ 508,337 | \$ 508,337 | \$ - | \$ 2,488,198 | 20.43% |
| 2021 | 518,031 | 518,031 | - | 2,520,032 | 20.56% |
| 2020 | 457,296 | 457,296 | - | 2,670,960 | 17.12% |
| 2019 | 447,435 | 447,435 | - | 2,601,655 | 17.20% |
| 2018 | 443,320 | 443,320 | - | 2,610,768 | 16.98% |
| 2017 | 457,088 | 457,088 | - | 2,147,811 | 21.28% |
| 2016 | 464,892 | 464,892 | - | 2,648,956 | 17.55% |
| 2015 | 425,544 | 425,544 | - | 2,434,577 | 17.48% |
| 2014 | 424,238 | 424,238 | - | 2,612,301 | 16.24% |
| 2013 | 434,345 | 434,345 | - | 2,674,538 | 16.24% |
| Component Unit School Board (professional) | | | | | |
| 2022 | \$ 3,179,016 | \$ 3,179,016 | \$ - | \$ 19,697,485 | 16.14% |
| 2021 | 3,135,782 | 3,135,782 | - | 19,381,708 | 16.18% |
| 2020 | 3,005,168 | 3,005,168 | - | 19,575,194 | 15.35% |
| 2019 | 2,854,000 | 2,854,000 | - | 18,519,029 | 15.41% |
| 2018 | 2,958,000 | 2,958,000 | - | 18,374,518 | 16.10% |
| 2017 | 2,607,000 | 2,607,000 | - | 17,982,879 | 14.50% |
| 2016 | 2,503,615 | 2,503,615 | - | 17,914,579 | 13.98% |
| 2015 | 2,509,000 | 2,509,000 | - | 17,363,701 | 14.45% |
| 2014 | 1,991,484 | 1,991,484 | - | 17,083,236 | 11.66% |
| 2013 | 2,037,610 | 2,037,610 | - | 17,475,216 | 11.66% |

Schedule is intended to show information for 10 years. Prior to 2015, VASAP's information was consolidated in the County's totals and presented in the County report. Therefore, sufficient information to allocate the prior year balances is not available. Additional years will be included as they become available.

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

County of Russell, Virginia
Notes to Required Supplementary Information
Pension Plans
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

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

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

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

All Others (Non 10 Largest) - Hazardous Duty:

| | |
|---|--|
| Mortality Rates (pre-retirement, post-retirement healthy, and disabled) | Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020 |
| Retirement Rates | Adjusted rates to better fit experience and changed final |
| 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 Russell, Virginia
 Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
 Primary Government
 For the Measurement Dates of June 30, 2018 through June 30, 2022

| | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| Total OPEB liability | | | | | |
| Service cost | \$ 39,498 | \$ 38,376 | \$ 14,265 | \$ 15,523 | \$ 16,038 |
| Interest | 17,805 | 17,351 | 13,941 | 14,342 | 13,000 |
| Changes in assumptions | (103,909) | 3,530 | 434,635 | 11,569 | (11,427) |
| Effect of economic/demographic gains or losses | 36,224 | - | (88,594) | - | - |
| Benefit payments | (26,812) | (15,649) | (7,461) | (17,342) | (18,508) |
| Net change in total OPEB liability | \$ (37,194) | \$ 43,608 | \$ 366,786 | \$ 24,092 | \$ (897) |
| Total OPEB liability - beginning | <u>798,143</u> | <u>754,535</u> | <u>387,749</u> | <u>363,657</u> | <u>364,554</u> |
| Total OPEB liability - ending | <u>\$ 760,949</u> | <u>\$ 798,143</u> | <u>\$ 754,535</u> | <u>\$ 387,749</u> | <u>\$ 363,657</u> |
| | | | | | |
| Covered payroll | \$ 6,388,552 | \$ 6,096,747 | \$ 6,096,747 | \$ 6,190,566 | \$ 6,190,566 |
| | | | | | |
| County's total OPEB liability (asset) as a percentage of covered payroll | 11.91% | 13.09% | 12.38% | 6.26% | 5.87% |

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

County of Russell, Virginia
 Notes to Required Supplementary Information - County OPEB
 For the Year Ended June 30, 2022

Valuation Date: 7/1/2021
 Measurement Date: 6/30/2022

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 percentage of pay |
| Discount Rate | 3.54% as of June 30, 2022 2.16% as of June 30, 2021 |
| Inflation | 2.50% |
| Healthcare Trend Rate | The healthcare trend rate assumption starts at 0.50% in 2021 and 6.10% in 2022 then gradually declines to 3.90% in 2073 and later. |
| Salary Increase Rates | The salary increase rate starts at 5.35% for 1 year of service and gradually declines to 3.50% increase for 20 or more years of service. |
| Retirement Age | The average age at retirement is 61. |
| Mortality Rates | <p>The pre-retirement mortality rates for General Employees were calculated using RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020; males set back 1 year, 85% of rates; females setback 1 year. 25% of deaths are assumed to be service-related.</p> <p>The pre-retirement mortality rates for Public Safety Employees were calculated using RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020; males 90% of rates; females set forward 1 year. 35% of deaths are assumed to be service-related.</p> <p>The post-retirement mortality rates for General Employees were calculated using RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year; females set back 1 year with 1.5% increase compounded from ages 70 to 85.</p> <p>The post-retirement mortality rates for Public Safety Employees were calculated using RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.</p> <p>The post-disablement mortality rates of General Employees were calculated using RP-2014 Disabled Mortality Rates projected with Scale BB to 2020; males 115% of rates; females 130% of rates.</p> <p>The post-disablement mortality rates of Public Safety Employees were calculated using RP-2014 Disabled Mortality Rates projected with Scale BB to 2020; males set forward 2 years; unisex using 100% male.</p> |

County of Russell, Virginia
 Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
 Component Unit School Board
 For the Measurement Dates of June 30, 2018 through June 30, 2022

| | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| Total OPEB liability | | | | | |
| Service cost | \$ 529,129 | \$ 436,250 | \$ 229,725 | \$ 226,831 | \$ 235,586 |
| Interest | 255,859 | 256,452 | 277,894 | 297,553 | 275,959 |
| Changes in assumptions | 103,942 | 39,380 | 4,554,327 | 201,429 | (205,110) |
| Effect of economic/demographic gains or losses | (62,179) | - | (1,076,097) | - | - |
| Benefit payments | (569,865) | (597,551) | (457,831) | (496,549) | (490,936) |
| Net change in total OPEB liability | \$ 256,886 | \$ 134,531 | \$ 3,528,018 | \$ 229,264 | \$ (184,501) |
| Total OPEB liability - beginning | 11,599,608 | 11,465,077 | 7,937,059 | 7,707,795 | 7,892,296 |
| Total OPEB liability - ending | \$ 11,856,494 | \$ 11,599,608 | \$ 11,465,077 | \$ 7,937,059 | \$ 7,707,795 |
| | | | | | |
| Covered payroll | \$ 22,919,616 | \$ 21,427,078 | \$ 21,427,078 | \$ 20,503,347 | \$ 20,503,347 |
| | | | | | |
| School Board's total OPEB liability (asset) as a percentage of covered payroll | 51.73% | 54.14% | 53.51% | 38.71% | 37.59% |

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

County of Russell, Virginia
Notes to Required Supplementary Information - School OPEB
For the Year Ended June 30, 2022

Valuation Date: 7/1/2021
Measurement Date: 6/30/2022

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 percentage of pay |
| Discount Rate | 3.54% as of June 30, 2022 2.16% as of June 30, 2021 |
| Inflation | 2.50% |
| Healthcare Trend Rate | The healthcare trend rate assumption starts at 0.50% in 2021 and 6.10% in 2022 then gradually declines to 3.90% in 2073 and later. |
| Salary Increase Rates | The salary increase rate starts at 5.35% for 1 year of service and gradually declines to 3.50% for 20 or more years of service. |
| Retirement Age | The average age at retirement is 61. |
| Mortality Rates | <p>The pre-retirement mortality rates for General Employees were calculated using RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020; males set back 1 year, 85% of rates; females setback 1 year. 25% of deaths are assumed to be service-related.</p> <p>The pre-retirement mortality rates for Teachers were calculated using RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020; 5% of deaths are assumed to be service-related.</p> <p>The post-retirement mortality rates for General Employees were calculated using RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year; females set back 1 year with 1.5% increase compounded from ages 70 to 85.</p> <p>The post-retirement mortality rates for Teachers were calculated using RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.</p> <p>The post-disablement mortality rates of General Employees were calculated using RP-2014 Disabled Mortality Rates projected with Scale BB to 2020; males 115% of rates; females 130% of rates.</p> <p>The post-disablement mortality rates of Teachers were calculated using RP-2014 Disabled Mortality Rates projected with Scale BB to 2020; 115% of rates for males and females.</p> |

County of Russell, Virginia
 Schedule of Employer's Share of Net OPEB Liability
 Group Life Insurance (GLI) Plan
 For the Measurement Dates of June 30, 2017 through June 30, 2021

| Date (1) | Employer's Proportion of the Net GLI OPEB Liability (Asset) (2) | Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3) | Employer's Covered Payroll (4) | Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5) | Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6) |
|---|---|---|---|--|---|
| Primary Government | | | | | |
| 2021 | 0.0305% | \$ 354,521 | \$ 6,285,948 | 5.64% | 67.45% |
| 2020 | 0.0309% | 515,504 | 6,357,959 | 8.11% | 52.64% |
| 2019 | 0.0308% | 500,384 | 6,028,822 | 8.30% | 52.00% |
| 2018 | 0.0325% | 494,000 | 6,184,666 | 7.99% | 51.22% |
| 2017 | 0.0309% | 465,000 | 5,704,306 | 8.15% | 48.86% |
| Component Unit School Board (nonprofessional) | | | | | |
| 2021 | 0.0122% | \$ 142,390 | \$ 2,524,311 | 5.64% | 67.45% |
| 2020 | 0.0130% | 216,949 | 2,675,341 | 8.11% | 52.64% |
| 2019 | 0.0133% | 216,264 | 2,604,399 | 8.30% | 52.00% |
| 2018 | 0.0138% | 210,000 | 2,629,348 | 7.99% | 51.22% |
| 2017 | 0.0144% | 216,000 | 2,654,927 | 8.14% | 48.86% |
| Component Unit School Board (professional) | | | | | |
| 2021 | 0.0940% | \$ 1,094,065 | \$ 19,400,731 | 5.64% | 67.45% |
| 2020 | 0.0953% | 1,589,734 | 19,605,574 | 8.11% | 52.64% |
| 2019 | 0.0945% | 1,537,278 | 18,519,029 | 8.30% | 52.00% |
| 2018 | 0.0966% | 1,468,000 | 18,376,099 | 7.99% | 51.22% |
| 2017 | 0.0978% | 1,471,000 | 18,034,586 | 8.16% | 48.86% |

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

County of Russell, Virginia
 Schedule of Employer Contributions
 Group Life Insurance (GLI) Plan
 For the Years Ended June 30, 2013 through June 30, 2022

| Date | Contractually Required Contribution (1) | Contributions in Relation to Contractually Required Contribution (2) | Contribution Deficiency (Excess) (3) | Employer's Covered Payroll (4) | Contributions as a % of Covered Payroll (5) |
|--|--|---|---|---|---|
| Primary Government | | | | | |
| 2022 | \$ 36,041 | \$ 36,041 | \$ - | \$ 6,674,213 | 0.54% |
| 2021 | 33,944 | 33,944 | - | 6,285,948 | 0.54% |
| 2020 | 33,061 | 33,061 | - | 6,357,959 | 0.52% |
| 2019 | 31,276 | 31,276 | - | 6,028,822 | 0.52% |
| 2018 | 32,161 | 32,161 | - | 6,184,666 | 0.52% |
| 2017 | 29,665 | 29,665 | - | 5,704,306 | 0.52% |
| 2016 | 26,515 | 26,515 | - | 5,524,027 | 0.48% |
| 2015 | 26,057 | 26,057 | - | 5,428,571 | 0.48% |
| 2014 | 26,130 | 26,130 | - | 5,443,723 | 0.48% |
| 2013 | 26,774 | 26,774 | - | 5,577,961 | 0.48% |
| Component Unit School Board (nonprofessional) | | | | | |
| 2022 | \$ 13,463 | \$ 13,463 | \$ - | \$ 2,493,223 | 0.54% |
| 2021 | 13,631 | 13,631 | - | 2,524,311 | 0.54% |
| 2020 | 13,912 | 13,912 | - | 2,675,341 | 0.52% |
| 2019 | 13,543 | 13,543 | - | 2,604,399 | 0.52% |
| 2018 | 13,673 | 13,673 | - | 2,629,348 | 0.52% |
| 2017 | 13,806 | 13,806 | - | 2,654,927 | 0.52% |
| 2016 | 12,715 | 12,715 | - | 2,648,956 | 0.48% |
| 2015 | 11,849 | 11,849 | - | 2,468,575 | 0.48% |
| 2014 | 12,548 | 12,548 | - | 2,614,141 | 0.48% |
| 2013 | 12,838 | 12,838 | - | 2,674,538 | 0.48% |
| Component Unit School Board (professional) | | | | | |
| 2022 | \$ 106,394 | \$ 106,394 | \$ - | \$ 19,702,646 | 0.54% |
| 2021 | 104,764 | 104,764 | - | 19,400,731 | 0.54% |
| 2020 | 101,949 | 101,949 | - | 19,605,574 | 0.52% |
| 2019 | 96,000 | 96,000 | - | 18,519,029 | 0.52% |
| 2018 | 95,556 | 95,556 | - | 18,376,099 | 0.52% |
| 2017 | 93,780 | 93,780 | - | 18,034,586 | 0.52% |
| 2016 | 86,114 | 86,114 | - | 17,940,378 | 0.48% |
| 2015 | 83,384 | 83,384 | - | 17,371,656 | 0.48% |
| 2014 | 82,222 | 82,222 | - | 17,129,577 | 0.48% |
| 2013 | 83,953 | 83,953 | - | 14,490,261 | 0.58% |

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

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

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

Teachers

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

Non-Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

County of Russell, Virginia
 Schedule of Changes in the Employer's Net OPEB Liability and Related Ratios
 Primary Government
 Health Insurance Credit (HIC) Plan
 For the Measurement Dates of June 30, 2017 through June 30, 2021

| | 2021 | 2020 | 2019 | 2018 | 2017 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| Total HIC OPEB Liability | | | | | |
| Service cost | \$ 2,042 | \$ 2,044 | \$ 1,956 | \$ 1,884 | \$ 1,785 |
| Interest | 6,453 | 6,959 | 7,056 | 7,367 | 7,343 |
| Changes of assumptions | 543 | - | 2,217 | - | (1,681) |
| Differences between expected and actual experience | 3,616 | (2,855) | 2,390 | (4,641) | - |
| Benefit payments | (13,469) | (13,811) | (8,828) | (9,286) | (4,926) |
| Net change in total HIC OPEB liability | \$ (815) | \$ (7,663) | \$ 4,791 | \$ (4,676) | \$ 2,521 |
| Total HIC OPEB Liability - beginning | <u>102,337</u> | <u>110,000</u> | <u>105,209</u> | <u>109,885</u> | <u>107,364</u> |
| Total HIC OPEB Liability - ending (a) | <u>\$ 101,522</u> | <u>\$ 102,337</u> | <u>\$ 110,000</u> | <u>\$ 105,209</u> | <u>\$ 109,885</u> |
| Plan fiduciary net position | | | | | |
| Contributions - employer | \$ 2,966 | \$ 2,670 | \$ 2,788 | \$ 4,374 | \$ 3,731 |
| Net investment income | 19,218 | 1,702 | 5,480 | 6,182 | 9,214 |
| Benefit payments | (13,469) | (13,811) | (8,828) | (9,286) | (4,926) |
| Administrator charges | (200) | (149) | (117) | (141) | (148) |
| Other | - | (1) | (7) | (472) | 472 |
| Net change in plan fiduciary net position | \$ 8,515 | \$ (9,589) | \$ (684) | \$ 657 | \$ 8,343 |
| Plan fiduciary net position - beginning | <u>79,118</u> | <u>88,707</u> | <u>89,391</u> | <u>88,734</u> | <u>80,391</u> |
| Plan fiduciary net position - ending (b) | <u>\$ 87,633</u> | <u>\$ 79,118</u> | <u>\$ 88,707</u> | <u>\$ 89,391</u> | <u>\$ 88,734</u> |
| Employer's net HIC OPEB liability - ending (a) - (b) | \$ 13,889 | \$ 23,219 | \$ 21,293 | \$ 15,818 | \$ 21,151 |
| Plan fiduciary net position as a percentage of the total HIC OPEB liability | 86.32% | 77.31% | 80.64% | 84.97% | 80.75% |
| Covered payroll | \$ 1,191,154 | \$ 1,285,580 | \$ 1,327,521 | \$ 1,562,251 | \$ 1,332,239 |
| Employer's net HIC OPEB liability as a percentage of covered payroll | 1.17% | 1.81% | 1.60% | 1.01% | 1.59% |

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 Russell, Virginia
 Schedule of Changes in the Employer's Net OPEB Liability and Related Ratios
 Component Unit School Board (nonprofessional)
 Health Insurance Credit (HIC) Plan
 For the Measurement Dates of June 30, 2017 through June 30, 2021

| | 2021 | 2020 | 2019 | 2018 | 2017 |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| Total HIC OPEB Liability | | | | | |
| Service cost | \$ 3,775 | \$ 8,474 | \$ 8,086 | \$ 9,113 | \$ 12,000 |
| Interest | 43,658 | 18,119 | 19,598 | 18,227 | 17,000 |
| Changes of benefit terms | - | 33,639 | - | - | - |
| Changes of assumptions | 5,340 | 84,784 | 20,714 | - | (42,000) |
| Differences between expected and actual experience | (270,374) | 18,268 | 507 | (1,089) | - |
| Benefit payments | (33,506) | (34,855) | (35,194) | (33,696) | (34,000) |
| Other | - | - | - | (5,145) | - |
| Net change in total HIC OPEB liability | \$ (251,107) | \$ 128,429 | \$ 13,711 | \$ (12,590) | \$ (47,000) |
| Total HIC OPEB Liability - beginning | 663,550 | 535,121 | 521,410 | 534,000 | 581,000 |
| Total HIC OPEB Liability - ending (a) | \$ 412,443 | \$ 663,550 | \$ 535,121 | \$ 521,410 | \$ 534,000 |
| Plan fiduciary net position | | | | | |
| Contributions - employer | \$ 88,957 | \$ 32,853 | \$ 32,001 | \$ 31,329 | \$ 32,000 |
| Net investment income | 213 | - | - | - | - |
| Benefit payments | (33,506) | (34,855) | (35,194) | (33,696) | (34,000) |
| Administrative expense | (49) | - | - | - | - |
| Other | - | - | - | (495) | - |
| Net change in plan fiduciary net position | \$ 55,615 | \$ (2,002) | \$ (3,193) | \$ (2,862) | \$ (2,000) |
| Plan fiduciary net position - beginning | (43,057) | (41,055) | (37,862) | (35,000) | (33,000) |
| Plan fiduciary net position - ending (b) | \$ 12,558 | \$ (43,057) | \$ (41,055) | \$ (37,862) | \$ (35,000) |
| Employer's net HIC OPEB liability - ending (a) - (b) | \$ 399,885 | \$ 706,607 | \$ 576,176 | \$ 559,272 | \$ 569,000 |
| Plan fiduciary net position as a percentage of the total HIC OPEB liability | 3.04% | -6.49% | -7.67% | -7.26% | -6.55% |
| Covered payroll | \$ 2,520,032 | \$ 2,670,960 | \$ 2,601,655 | \$ 2,610,768 | \$ 2,645,183 |
| Employer's net HIC OPEB liability as a percentage of covered payroll | 15.87% | 26.46% | 22.15% | 21.42% | 21.51% |

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 Russell, Virginia
 Schedule of Employer Contributions
 Health Insurance Credit (HIC) Plan
 For the Years Ended June 30, 2013 through June 30, 2022

| Date | Contractually Required Contribution (1) | Contributions in Relation to Contractually Required Contribution (2) | Contribution Deficiency (Excess) (3) | Employer's Covered Payroll (4) | Contributions as a % of Covered Payroll (5) |
|--|--|---|---|---|---|
| Primary Government | | | | | |
| 2022 | \$ 3,410 | \$ 3,410 | \$ - | \$ 1,311,667 | 0.26% |
| 2021 | 3,097 | 3,097 | - | 1,191,154 | 0.26% |
| 2020 | 2,700 | 2,700 | - | 1,285,580 | 0.21% |
| 2019 | 2,763 | 2,763 | - | 1,327,521 | 0.21% |
| 2018 | 4,374 | 4,374 | - | 1,562,251 | 0.28% |
| 2017 | 3,736 | 3,736 | - | 1,332,239 | 0.28% |
| 2016 | 3,572 | 3,572 | - | 1,190,516 | 0.30% |
| 2015 | 3,321 | 3,321 | - | 1,106,909 | 0.30% |
| 2014 | 757 | 757 | - | 1,081,402 | 0.07% |
| 2013 | 3,902 | 3,902 | - | 5,574,375 | 0.07% |
| Component Unit School Board (nonprofessional) | | | | | |
| 2022 | \$ 87,833 | \$ 87,833 | \$ - | \$ 2,488,198 | 3.53% |
| 2021 | 88,957 | 88,957 | - | 2,520,032 | 3.53% |
| 2020 | 32,853 | 32,853 | - | 2,670,960 | 1.23% |
| 2019 | 32,001 | 32,001 | - | 2,601,655 | 1.23% |
| 2018 | 31,329 | 31,329 | - | 2,610,768 | 1.20% |
| 2017 | 31,742 | 31,742 | - | 2,645,183 | 1.20% |
| 2016 | 25,165 | 25,165 | - | 2,648,956 | 0.95% |
| 2015 | 23,128 | 23,128 | - | 2,434,577 | 0.95% |
| 2014 | 15,413 | 15,413 | - | 2,612,301 | 0.59% |
| 2013 | 15,780 | 15,780 | - | 2,674,538 | 0.59% |

County of Russell, Virginia
 Notes to Required Supplementary Information
 Health Insurance Credit (HIC) Plan
 For the Year Ended June 30, 2022

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

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

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 Russell, 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, 2021

| Date (1) | Employer's Proportion of the Net HIC OPEB Liability (Asset) (2) | Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) (3) | Employer's Covered Payroll (4) | Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5) | Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability (6) |
|-------------|---|---|---|--|---|
| 2021 | 0.21915% | \$ 2,812,941 | \$ 19,381,708 | 14.51% | 13.15% |
| 2020 | 0.22330% | 2,912,854 | 19,575,194 | 14.88% | 9.95% |
| 2019 | 0.22079% | 2,890,356 | 18,519,029 | 15.61% | 8.97% |
| 2018 | 0.22715% | 2,884,000 | 18,370,145 | 15.70% | 8.08% |
| 2017 | 0.22781% | 2,890,000 | 17,978,510 | 16.07% | 7.04% |

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

County of Russell, Virginia
 Schedule of Employer Contributions
 Teacher Employee Health Insurance Credit (HIC) Plan
 For the Years Ended June 30, 2013 through June 30, 2022

| Date | Contractually Required Contribution (1) | Contributions in Relation to Contractually Required Contribution (2) | Contribution Deficiency (Excess) (3) | Employer's Covered Payroll (4) | Contributions as a % of Covered Payroll (5) |
|------|--|---|---|---|---|
| 2022 | \$ 238,340 | \$ 238,340 | \$ - | \$ 19,697,485 | 1.21% |
| 2021 | 234,519 | 234,519 | - | 19,381,708 | 1.21% |
| 2020 | 234,902 | 234,902 | - | 19,575,194 | 1.20% |
| 2019 | 222,000 | 222,000 | - | 18,519,029 | 1.20% |
| 2018 | 225,953 | 225,953 | - | 18,370,145 | 1.23% |
| 2017 | 199,561 | 199,561 | - | 17,978,510 | 1.11% |
| 2016 | 189,859 | 189,859 | - | 17,911,244 | 1.06% |
| 2015 | 183,923 | 183,923 | - | 17,351,215 | 1.06% |
| 2014 | 189,622 | 189,622 | - | 17,083,023 | 1.11% |
| 2013 | 193,975 | 193,975 | - | 17,475,216 | 1.11% |

County of Russell, Virginia
Notes to Required Supplementary Information
Teacher Employee Health Insurance Credit (HIC) Plan
For the Year Ended June 30, 2022

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

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

| | |
|---|--|
| 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 Russell, Virginia
 Schedule of Employer's Share of Net LODA OPEB Liability
 Line of Duty Act (LODA) Program
 For the Measurement Dates of June 30, 2017 through June 30, 2021

| Date (1) | Employer's Proportion of the Net LODA OPEB Liability (Asset) (2) | Employer's Proportionate Share of the Net LODA OPEB Liability (Asset) (3) | Covered- Employee Payroll * (4) | Employer's Proportionate Share of the Net LODA OPEB Liability (Asset) as a Percentage of its Covered-Employee Payroll (3)/(4) (5) | Plan Fiduciary Net Position as a Percentage of Total LODA OPEB Liability (6) |
|-------------|--|--|--|--|--|
| 2021 | 0.46500% | \$ 2,050,611 | N/A | N/A | 1.68% |
| 2020 | 0.50110% | 2,098,894 | N/A | N/A | 1.02% |
| 2019 | 0.53769% | 1,929,157 | N/A | N/A | 0.79% |
| 2018 | 0.50337% | 1,578,000 | N/A | N/A | 0.60% |
| 2017 | 0.50108% | 1,317,000 | N/A | N/A | 1.30% |

* The contributions for the Line of Duty Act Program are based on the number of participants in the Program using a per capita-based contribution versus a payroll-based contribution. Therefore, covered-employee payroll is the relevant measurement, which is the total payroll of the employees in the OPEB plan. However, when volunteers and part-time employees make up a significant percentage of the employer's members in the plan, the employer may determine that covered-employee payroll is misleading and, therefore, not applicable for disclosure.

Schedule is intended to show information for 10 years. Since 2017 is the first year for this presentation, only three years of data is available. However, additional years will be included as they become available.

County of Russell, Virginia
 Schedule of Employer Contributions
 Line of Duty Act (LODA) Program
 For the Years Ended June 30, 2016 through June 30, 2022

| Date | Contractually Required Contribution (1) | Contributions in Relation to Contractually Required Contribution (2) | Contribution Deficiency (Excess) (3) | Covered- Employee Payroll * (4) | Contributions as a % of Covered - Employee Payroll (5) |
|------|--|---|---|--|---|
| 2022 | \$ 64,669 | \$ 64,669 | \$ - | N/A | N/A |
| 2021 | 64,020 | 64,020 | - | N/A | N/A |
| 2020 | 68,106 | 68,106 | - | N/A | N/A |
| 2019 | 72,164 | 72,164 | - | N/A | N/A |
| 2018 | 53,616 | 53,616 | - | N/A | N/A |
| 2017 | 54,041 | 54,041 | - | N/A | N/A |
| 2016 | 47,993 | 47,993 | - | N/A | N/A |

* The contributions for the Line of Duty Act Program are based on the number of participants in the Program using a per capita-based contribution versus a payroll-based contribution. Therefore, covered-employee payroll is the relevant measurement, which is the total payroll of employees in the OPEB plan. However, when volunteers and part-time employees make up a significant percentage of the employer's members in the plan, the employer may determine that covered-employee payroll is misleading and, therefore, not applicable for disclosure.

Schedule is intended to show information for 10 years. Information prior to the 2016 valuation is not available. However, additional years will be included as they become available.

County of Russell, Virginia
 Notes to Required Supplementary Information
 Line of Duty Act (LODA) Program
 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

Changes of assumptions - The actuarial assumptions used in the June 30, 2020 valuation were based on results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study are as follows:

Employees in the Non-Largest Ten Locality Employers with Public Safety 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 |

Other Supplementary Information

DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD

MAJOR GOVERNMENTAL FUNDS

School Operating Fund - The School Operating Fund accounts for and reports the operations of the County's school system. Financing is provided by the State and Federal governments as well as contributions from the General Fund.

School Activity Fund - The School Activity Fund accounts for and reports the operations of the individual schools.

County of Russell, Virginia
Balance Sheet
Governmental Funds - Discretely Presented Component Unit - School Board
June 30, 2022

| | School Operating Fund | School Activity Fund | Total School Fund |
|--|-----------------------------|----------------------------|-------------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 2,297,057 | \$ - | \$ 2,297,057 |
| Cash in custody of others | - | 782,239 | 782,239 |
| Receivables (net of allowance for uncollectibles): | | | |
| Accounts receivable | 5,344 | 82,316 | 87,660 |
| Due from primary government | 309,583 | - | 309,583 |
| Due from other governmental units | 1,357,858 | - | 1,357,858 |
| Prepaid items | 764,367 | - | 764,367 |
| Total assets | <u>\$ 4,734,209</u> | <u>\$ 864,555</u> | <u>\$ 5,598,764</u> |
| LIABILITIES | | | |
| Accounts payable | \$ 791,005 | \$ 43,127 | \$ 834,132 |
| Accrued liabilities | 1,086,820 | - | 1,086,820 |
| Total liabilities | <u>\$ 1,877,825</u> | <u>\$ 43,127</u> | <u>\$ 1,920,952</u> |
| FUND BALANCES | | | |
| Nonspendable: | | | |
| Prepaid items | \$ 764,367 | \$ - | \$ 764,367 |
| Restricted: | | | |
| School activity fund | - | 821,428 | 821,428 |
| Committed: | | | |
| Textbook purchases | 33,807 | - | 33,807 |
| Regional Adult Education | 254,862 | - | 254,862 |
| School food | 1,803,348 | - | 1,803,348 |
| Total fund balances | <u>\$ 2,856,384</u> | <u>\$ 821,428</u> | <u>\$ 3,677,812</u> |
| Total liabilities and fund balances | <u>\$ 4,734,209</u> | <u>\$ 864,555</u> | <u>\$ 5,598,764</u> |

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

| | |
|-------------------------------|--------------|
| Total fund balances per above | \$ 3,677,812 |
|-------------------------------|--------------|

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

| | | |
|--------------------------------------|----------------|------------|
| Capital assets | | |
| Land | \$ 5,628,295 | |
| Buildings and improvements | 10,619,854 | |
| Machinery and equipment | 2,219,001 | |
| Construction in progress | 7,795,752 | |
| Intangible right-to-use lease assets | | |
| Machinery and equipment | <u>386,293</u> | 26,649,195 |

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

| | | |
|-----------------------|------------------|------------|
| Pension related items | \$ 7,330,211 | |
| OPEB related items | <u>3,225,927</u> | 10,556,138 |

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

| | | |
|-----------------------|---------------------|--------------|
| Lease liabilities | \$ (402,114) | |
| Compensated absences | (1,126,319) | |
| Net OPEB liabilities | (16,305,775) | |
| Net pension liability | <u>(22,673,285)</u> | (40,507,493) |

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

| | | |
|-----------------------|--------------------|--------------|
| Pension related items | \$ (14,883,127) | |
| OPEB related items | <u>(1,599,052)</u> | (16,482,179) |

| | |
|---|------------------------|
| Net position of governmental activities | <u>\$ (16,106,527)</u> |
|---|------------------------|

County of Russell, Virginia
 Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds - Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2022

| | School Operating Fund | School Activity Fund* | Total School Fund |
|---|-----------------------------|-----------------------------|-------------------------|
| REVENUES | | | |
| Revenue from the use of money and property | \$ 4,607 | \$ - | \$ 4,607 |
| Charges for services | 174,120 | 1,760,630 | 1,934,750 |
| Miscellaneous | 351,799 | - | 351,799 |
| Recovered costs | 247,169 | - | 247,169 |
| Intergovernmental: | | | |
| Local government | 8,482,408 | - | 8,482,408 |
| Commonwealth | 32,684,298 | - | 32,684,298 |
| Federal | 14,707,822 | - | 14,707,822 |
| Total revenues | <u>\$ 56,652,223</u> | <u>\$ 1,760,630</u> | <u>\$ 58,412,853</u> |
| EXPENDITURES | | | |
| Current: | | | |
| Education | \$ 55,871,062 | \$ 1,787,205 | \$ 57,658,267 |
| Debt service: | | | |
| Interest and other fiscal charges | 11,981 | - | 11,981 |
| Total expenditures | <u>\$ 55,883,043</u> | <u>\$ 1,787,205</u> | <u>\$ 57,670,248</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>\$ 769,180</u> | <u>\$ (26,575)</u> | <u>\$ 742,605</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Proceeds of lease purchases | \$ 402,114 | \$ - | \$ 402,114 |
| Total other financing sources and uses | <u>\$ 402,114</u> | <u>\$ -</u> | <u>\$ 402,114</u> |
| Net change in fund balances | \$ 1,171,294 | \$ (26,575) | \$ 1,144,719 |
| Fund balances - beginning | 1,685,090 | 848,003 | 2,533,093 |
| Fund balances - ending | <u>\$ 2,856,384</u> | <u>\$ 821,428</u> | <u>\$ 3,677,812</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 \$ 1,144,719

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/amortization expense. This is the amount by which capital outlays exceeded depreciation/amortization in the current period.

| | | |
|--|--------------------|-----------|
| Capital outlays | \$ 8,496,915 | |
| Reversion of assets back to the School Board (net) | 1,083,832 | |
| Depreciation/amortization expense | <u>(1,179,346)</u> | 8,401,401 |

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The amount is the net effect of these differences in the treatment of long-term debt and related items.

Issuance of lease liabilities (402,114)

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

State non-employer contribution to the pension plan 135,970

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.

| | | |
|---|------------------|-----------|
| (Increase) decrease in compensated absences | \$ 25,019 | |
| Change in OPEB related items | (607,484) | |
| Change in pension related items | <u>3,194,701</u> | 2,612,236 |

Change in net position of governmental activities \$ 11,892,212

*The School Activity Fund does not require a legally adopted budget

County of Russell, Virginia
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2022

| | School Operating Fund | | | Variance with Final Budget Positive (Negative) |
|---|-----------------------|----------------------|----------------------|---|
| | Budgeted Amounts | | Actual | |
| | Original | Final | | |
| REVENUES | | | | |
| Revenue from the use of money and property | \$ 6,000 | \$ 6,000 | \$ 4,607 | \$ (1,393) |
| Charges for services | 186,054 | 186,054 | 174,120 | (11,934) |
| Miscellaneous | 352,414 | 352,414 | 351,799 | (615) |
| Recovered costs | 393,000 | 393,000 | 247,169 | (145,831) |
| Intergovernmental: | | | | |
| Local government | 7,750,020 | 7,750,020 | 8,482,408 | 732,388 |
| Commonwealth | 31,142,487 | 31,142,487 | 32,684,298 | 1,541,811 |
| Federal | 16,531,772 | 16,531,772 | 14,707,822 | (1,823,950) |
| Total revenues | <u>\$ 56,361,747</u> | <u>\$ 56,361,747</u> | <u>\$ 56,652,223</u> | <u>\$ 290,476</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Education | \$ 56,414,247 | \$ 56,414,247 | \$ 55,871,062 | \$ 543,185 |
| Debt service: | | | | |
| Interest and other fiscal charges | - | - | 11,981 | (11,981) |
| Total expenditures | <u>\$ 56,414,247</u> | <u>\$ 56,414,247</u> | <u>\$ 55,883,043</u> | <u>\$ 531,204</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>\$ (52,500)</u> | <u>\$ (52,500)</u> | <u>\$ 769,180</u> | <u>\$ 821,680</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Proceeds of lease purchases | \$ - | \$ - | \$ 402,114 | \$ 402,114 |
| Total other financing sources and uses | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 402,114</u> | <u>\$ 402,114</u> |
| Net change in fund balances | \$ (52,500) | \$ (52,500) | \$ 1,171,294 | \$ 1,223,794 |
| Fund balances - beginning | 52,500 | 52,500 | 1,685,090 | 1,632,590 |
| Fund balances - ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 2,856,384</u> | <u>\$ 2,856,384</u> |

Supporting Schedules

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

Schedule 1
 Page 1 of 5

| <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 Tax | \$ 8,150,000 | \$ 8,150,000 | \$ 8,235,729 | \$ 85,729 |
| Real and Personal PSC Tax | 2,045,721 | 2,045,721 | 1,911,647 | (134,074) |
| Personal Property Tax | 4,031,005 | 4,031,005 | 4,119,000 | 87,995 |
| Mobile Home Tax | 102,500 | 102,500 | 77,188 | (25,312) |
| Machinery and Tools Tax | 941,301 | 941,301 | 1,036,562 | 95,261 |
| Merchants Capital | 44,800 | 44,800 | 46,121 | 1,321 |
| Mineral Tax | 911,800 | 911,800 | 713,472 | (198,328) |
| Penalties | 135,000 | 135,000 | 130,870 | (4,130) |
| Interest | 274,000 | 274,000 | 309,286 | 35,286 |
| Total general property taxes | <u>\$ 16,636,127</u> | <u>\$ 16,636,127</u> | <u>\$ 16,579,875</u> | <u>\$ (56,252)</u> |
| Other local taxes: | | | | |
| Local Sales and Use Tax | \$ 2,009,485 | \$ 1,963,598 | \$ 2,234,678 | \$ 271,080 |
| Consumers' Utility Tax | 514,000 | 514,000 | 522,412 | 8,412 |
| Consumption Taxes | 67,500 | 67,500 | 72,701 | 5,201 |
| Coal Severance Tax | 185,000 | 185,000 | 515,886 | 330,886 |
| Bank Stock Tax | 15,250 | 15,250 | 31,353 | 16,103 |
| Grantee tax | 77,000 | 77,000 | 108,498 | 31,498 |
| Cigarette Tax | - | - | 116,526 | 116,526 |
| Taxes on Recordation and Wills | 26,500 | 26,500 | 52,598 | 26,098 |
| Food and Meals tax | - | - | 184,735 | 184,735 |
| Total other local taxes | <u>\$ 2,894,735</u> | <u>\$ 2,848,848</u> | <u>\$ 3,839,387</u> | <u>\$ 990,539</u> |
| Permits, privilege fees, and regulatory licenses: | | | | |
| Animal licenses | \$ 1,500 | \$ 1,500 | \$ 966 | \$ (534) |
| Building permits | 33,250 | 33,250 | 39,776 | 6,526 |
| Other permits and other licenses | 2,405 | 2,405 | 2,742 | 337 |
| Total permits, privilege fees, and regulatory licenses | <u>\$ 37,155</u> | <u>\$ 37,155</u> | <u>\$ 43,484</u> | <u>\$ 6,329</u> |
| Fines and forfeitures: | | | | |
| Court fines and forfeitures | \$ 11,250 | \$ 11,250 | \$ 10,279 | \$ (971) |
| Revenue from use of money and property: | | | | |
| Revenue from use of money | \$ 30,801 | \$ 30,801 | \$ 43,425 | \$ 12,624 |
| Revenue from use of property | 193,100 | 193,100 | 62,340 | (130,760) |
| Total revenue from use of money and property | <u>\$ 223,901</u> | <u>\$ 223,901</u> | <u>\$ 105,765</u> | <u>\$ (118,136)</u> |
| Charges for services: | | | | |
| Charges for sanitation and waste removal | \$ 195,000 | \$ 195,000 | \$ 181,404 | \$ (13,596) |
| Charges for courthouse security | 45,000 | 45,000 | 27,799 | (17,201) |
| Charges for cannery operations | 60,000 | 60,000 | 7,082 | (52,918) |
| Charges for commonwealth attorney | 7,500 | 7,500 | 10,237 | 2,737 |
| Charges for courthouse maintenance | 8,500 | 8,500 | 6,899 | (1,601) |
| Charges for jail and inmate fees | 5,000 | 5,000 | 14,802 | 9,802 |
| Charges for district court | - | - | 3,491 | 3,491 |
| Charges for library | 5,200 | 5,200 | 7,608 | 2,408 |
| Clerk's collections | - | - | 1,592 | 1,592 |
| Other charges for services | 3,300 | 3,300 | 2,910 | (390) |
| Total charges for services | <u>\$ 329,500</u> | <u>\$ 329,500</u> | <u>\$ 263,824</u> | <u>\$ (65,676)</u> |
| Miscellaneous: | | | | |
| Other miscellaneous revenue | \$ 91,550 | \$ 91,550 | \$ 228,914 | \$ 137,364 |
| Sale of property/surplus | - | - | 17,529 | 17,529 |
| Valley Heights revenue | - | - | 8,867 | 8,867 |
| Total miscellaneous | <u>\$ 91,550</u> | <u>\$ 91,550</u> | <u>\$ 255,310</u> | <u>\$ 163,760</u> |
| Recovered costs: | | | | |
| Social services | \$ 246,000 | \$ 246,000 | \$ 33,889 | \$ (212,111) |

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

Schedule 1
 Page 2 of 5

| <u>Fund, Major and Minor Revenue Source</u> | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---|----------------------------|-------------------------|----------------------|---|
| General Fund: (Continued) | | | | |
| Revenue from local sources: (Continued) | | | | |
| Recovered costs: (Continued) | | | | |
| Health department | \$ 15,000 | \$ 15,000 | \$ - | \$ (15,000) |
| School resource officer | 120,780 | 120,780 | 261,203 | 140,423 |
| Insurance recoveries | - | - | 57,593 | 57,593 |
| Industrial recoveries | 21,000 | 21,000 | 77,096 | 56,096 |
| Fire and rescue | - | - | 18,688 | 18,688 |
| Other Recovered Costs | 24,600 | 24,600 | 758,101 | 733,501 |
| Total recovered costs | <u>\$ 427,380</u> | <u>\$ 427,380</u> | <u>\$ 1,206,570</u> | <u>\$ 779,190</u> |
| Total revenue from local sources | <u>\$ 20,651,598</u> | <u>\$ 20,605,711</u> | <u>\$ 22,304,494</u> | <u>\$ 1,698,783</u> |
| Intergovernmental: | | | | |
| Revenue from the Commonwealth: | | | | |
| Noncategorical aid: | | | | |
| Motor vehicles carriers' tax | \$ 134,500 | \$ 134,500 | \$ 131,277 | \$ (3,223) |
| Mobile home titling tax | 70,000 | 70,000 | 67,964 | (2,036) |
| Motor vehicle rental tax | 1,750 | 1,750 | 2,147 | 397 |
| Communications tax | 823,000 | 823,000 | 615,251 | (207,749) |
| State recordation tax | 25,000 | 25,000 | - | (25,000) |
| Personal property tax relief act funds | 1,437,003 | 1,437,003 | 1,437,003 | - |
| Other noncategorical | - | - | 288 | 288 |
| Total noncategorical aid | <u>\$ 2,491,253</u> | <u>\$ 2,491,253</u> | <u>\$ 2,253,930</u> | <u>\$ (237,323)</u> |
| Categorical aid: | | | | |
| Shared expenses: | | | | |
| Commonwealth's attorney | \$ 391,861 | \$ 391,861 | \$ 407,441 | \$ 15,580 |
| Sheriff | 1,549,210 | 1,549,210 | 1,582,897 | 33,687 |
| Commissioner of revenue | 125,752 | 125,752 | 169,138 | 43,386 |
| Treasurer | 119,569 | 119,569 | 136,712 | 17,143 |
| Registrar/electoral board | 44,764 | 44,764 | 71,876 | 27,112 |
| Clerk of the Circuit Court | 358,699 | 358,699 | 414,509 | 55,810 |
| Total Shared Expenses | <u>\$ 2,589,855</u> | <u>\$ 2,589,855</u> | <u>\$ 2,782,573</u> | <u>\$ 192,718</u> |
| Other categorical aid: | | | | |
| Victim witness grant | \$ 66,400 | \$ 66,400 | \$ 26,167 | \$ (40,233) |
| GIS | 2,900 | 2,900 | 100 | (2,800) |
| E911 state funds | 52,000 | 52,000 | 121,304 | 69,304 |
| Asset forfeiture funds | - | - | 2,267 | 2,267 |
| EMS grants | - | - | 37,400 | 37,400 |
| Fire Program Funds | 86,500 | 86,500 | 96,419 | 9,919 |
| Library grants | 90,649 | 90,649 | 90,649 | - |
| Litter control grants | 12,800 | 12,800 | 16,225 | 3,425 |
| Public assistance | 2,225,193 | 2,225,193 | 2,077,553 | (147,640) |
| Comprehensive services act | 1,473,590 | 1,473,590 | 1,101,450 | (372,140) |
| School resource officer | 121,500 | 121,500 | 64,230 | (57,270) |
| Health department | - | - | 48,818 | 48,818 |
| Other state funds | - | - | 250,513 | 250,513 |
| Total other categorical aid | <u>\$ 4,131,532</u> | <u>\$ 4,131,532</u> | <u>\$ 3,933,095</u> | <u>\$ (198,437)</u> |
| Total categorical aid | <u>\$ 6,721,387</u> | <u>\$ 6,721,387</u> | <u>\$ 6,715,668</u> | <u>\$ (5,719)</u> |
| Total revenue from the Commonwealth | <u>\$ 9,212,640</u> | <u>\$ 9,212,640</u> | <u>\$ 8,969,598</u> | <u>\$ (243,042)</u> |
| Revenue from the federal government: | | | | |
| Categorical aid: | | | | |
| DMV ground transportation safety grant | \$ 2,000 | \$ 2,000 | \$ - | \$ (2,000) |
| Forfeited Assets | - | - | 36 | 36 |
| CDBG grants | - | - | 110,951 | 110,951 |
| Law enforcement grants | 2,300 | 2,300 | 4,802 | 2,502 |
| Violence against women | 25,600 | 25,600 | 13,320 | (12,280) |

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

| <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 federal government: (Continued) | | | | |
| Categorical aid: (Continued) | | | | |
| Emergency management grants | \$ 34,800 | \$ 34,800 | \$ - | \$ (34,800) |
| Victim witness grant | - | - | 40,090 | 40,090 |
| Public assistance | 3,140,596 | 3,140,596 | 2,932,253 | (208,343) |
| Comprehensive services act | 247,110 | 247,110 | 184,718 | (62,392) |
| Coronavirus emergency supplement grant | - | - | 95,265 | 95,265 |
| Comp Board ARPA | - | - | 83,967 | 83,967 |
| Total categorical aid | <u>\$ 3,452,406</u> | <u>\$ 3,452,406</u> | <u>\$ 3,465,402</u> | <u>\$ 12,996</u> |
| Total revenue from the federal government | <u>\$ 3,452,406</u> | <u>\$ 3,452,406</u> | <u>\$ 3,465,402</u> | <u>\$ 12,996</u> |
| Total General Fund | <u><u>\$ 33,316,644</u></u> | <u><u>\$ 33,270,757</u></u> | <u><u>\$ 34,739,494</u></u> | <u><u>\$ 1,468,737</u></u> |
| Special Revenue Funds: | | | | |
| Coal Road Fund: | | | | |
| Revenue from local sources: | | | | |
| Other local taxes: | | | | |
| Coal road taxes | \$ 150,000 | \$ 150,000 | \$ 515,884 | \$ 365,884 |
| Revenue from use of money and property: | | | | |
| Revenue from the use of money | \$ - | \$ - | \$ 4,598 | \$ 4,598 |
| Total revenue from local sources | <u>\$ 150,000</u> | <u>\$ 150,000</u> | <u>\$ 520,482</u> | <u>\$ 370,482</u> |
| Total Coal Road Fund | <u><u>\$ 150,000</u></u> | <u><u>\$ 150,000</u></u> | <u><u>\$ 520,482</u></u> | <u><u>\$ 370,482</u></u> |
| CARES Fund: | | | | |
| Revenue from local sources: | | | | |
| Revenue from use of money and property: | | | | |
| Revenue from the use of money | \$ - | \$ - | \$ 3,396 | \$ 3,396 |
| Total revenue from local sources | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 3,396</u> | <u>\$ 3,396</u> |
| Revenue from the federal government: | | | | |
| Categorical aid: | | | | |
| CARES Act COVID-19 Grant | \$ - | \$ - | \$ 17,698 | \$ 17,698 |
| Total categorical aid | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 17,698</u> | <u>\$ 17,698</u> |
| Total revenue from the federal government | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 17,698</u> | <u>\$ 17,698</u> |
| Total CARES Fund | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 21,094</u></u> | <u><u>\$ 21,094</u></u> |
| ARPA Fund: | | | | |
| Revenue from the federal government: | | | | |
| Categorical aid: | | | | |
| American Rescue Act | \$ - | \$ - | \$ 709,700 | \$ 709,700 |
| Total categorical aid | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 709,700</u> | <u>\$ 709,700</u> |
| Total revenue from the federal government | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 709,700</u> | <u>\$ 709,700</u> |
| Total ARPA Fund | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 709,700</u></u> | <u><u>\$ 709,700</u></u> |
| Total Primary Government | <u><u>\$ 33,466,644</u></u> | <u><u>\$ 33,420,757</u></u> | <u><u>\$ 35,990,770</u></u> | <u><u>\$ 2,570,013</u></u> |

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

| <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: | | | | |
| School Operating Fund: | | | | |
| Revenue from use of money and property: | | | | |
| Revenue from the use of money | \$ - | \$ - | \$ 7 | \$ 7 |
| Revenue from the use of property | 6,000 | 6,000 | 4,600 | (1,400) |
| Total revenue from use of money and property | <u>\$ 6,000</u> | <u>\$ 6,000</u> | <u>\$ 4,607</u> | <u>\$ (1,393)</u> |
| Charges for services: | | | | |
| Cafeteria sales | \$ 26,500 | \$ 26,500 | \$ 70,396 | \$ 43,896 |
| Tuition payments | 5,000 | 5,000 | - | (5,000) |
| Drivers Ed fees | 14,000 | 14,000 | 11,100 | (2,900) |
| Other charges for services | - | - | 1,986 | 1,986 |
| Regional Adult Education | 138,554 | 138,554 | 90,638 | (47,916) |
| GED Testing fees | 2,000 | 2,000 | - | (2,000) |
| Total charges for service | <u>\$ 186,054</u> | <u>\$ 186,054</u> | <u>\$ 174,120</u> | <u>\$ (11,934)</u> |
| Miscellaneous: | | | | |
| Other miscellaneous | \$ 352,414 | \$ 352,414 | \$ 351,799 | \$ (615) |
| Recovered costs: | | | | |
| Insurance recoveries | \$ - | \$ - | \$ 32,248 | \$ 32,248 |
| Extra duties revenue | 23,000 | 23,000 | 11,610 | (11,390) |
| Dual Enrollment | 300,000 | 300,000 | 21,726 | (278,274) |
| Sale of Equipment and Supplies | 10,000 | 10,000 | 4,413 | (5,587) |
| Other recovered costs | 60,000 | 60,000 | 177,172 | 117,172 |
| Total recovered costs | <u>\$ 393,000</u> | <u>\$ 393,000</u> | <u>\$ 247,169</u> | <u>\$ (145,831)</u> |
| Total revenue from local sources | <u>\$ 937,468</u> | <u>\$ 937,468</u> | <u>\$ 777,695</u> | <u>\$ (159,773)</u> |
| Intergovernmental: | | | | |
| Revenues from local governments: | | | | |
| Contribution from County of Russell, Virginia | \$ 7,750,020 | \$ 7,750,020 | \$ 8,482,408 | \$ 732,388 |
| Total revenues from local governments | <u>\$ 7,750,020</u> | <u>\$ 7,750,020</u> | <u>\$ 8,482,408</u> | <u>\$ 732,388</u> |
| Revenue from the Commonwealth: | | | | |
| Categorical aid: | | | | |
| Share of state sales tax | \$ 4,321,808 | \$ 4,321,808 | \$ 5,393,705 | \$ 1,071,897 |
| Basic Aid | 13,489,492 | 13,489,492 | 12,346,960 | (1,142,532) |
| Remedial summer education | - | - | 373,273 | 373,273 |
| Regular foster care | 10,005 | 10,005 | 6,753 | (3,252) |
| Gifted and talented | 135,907 | 135,907 | 131,521 | (4,386) |
| Remedial education | 515,419 | 515,419 | 498,786 | (16,633) |
| Special education | 1,730,885 | 1,730,885 | 1,675,026 | (55,859) |
| Textbook payment | 275,582 | 275,582 | 266,689 | (8,893) |
| Career and Technical Education | - | - | 5,595 | 5,595 |
| Alternative education | 1,042,140 | 1,042,140 | 1,094,973 | 52,833 |
| Elementary Alternative Education | - | - | 2,500 | 2,500 |
| Algebra readiness | 82,169 | 82,169 | 79,588 | (2,581) |
| Mentor teacher program | 4,953 | 4,953 | 5,447 | 494 |
| Social security fringe benefits | 846,210 | 846,210 | 818,902 | (27,308) |
| Group life | 58,978 | 58,978 | 57,075 | (1,903) |
| Retirement fringe benefits | 1,971,926 | 1,971,926 | 1,908,289 | (63,637) |
| Supplemental support | - | - | 879,237 | 879,237 |
| Early reading intervention | 100,322 | 100,322 | 168,107 | 67,785 |
| Adult Education | 31,489 | 31,489 | 31,489 | - |
| Homebound education | 17,473 | 17,473 | 3,102 | (14,371) |
| Vocation education | 531,176 | 531,176 | 514,360 | (16,816) |
| Advanced placement incentive | 908,474 | 908,474 | - | (908,474) |
| At risk payments | 528,223 | 528,223 | 1,478,981 | 950,758 |
| Primary class size | 725,021 | 725,021 | 693,547 | (31,474) |
| Technology | 362,000 | 362,000 | 851,658 | 489,658 |
| Jobs for Virginia Graduates | 25,000 | 25,000 | 60,000 | 35,000 |
| Industry Certification Costs | 4,341 | 4,341 | 3,290 | (1,051) |

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

| <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) | | | | |
| School Food | \$ 17,708 | \$ 17,708 | \$ 100,092 | \$ 82,384 |
| English as a second language | 19,703 | 19,703 | 22,580 | 2,877 |
| Project graduation | 5,955 | 5,955 | 11,623 | 5,668 |
| GED prep programs | 77,939 | 77,939 | 77,632 | (307) |
| Lottery payments | 1,036,702 | 1,036,702 | 1,008,499 | (28,203) |
| Tobacco Commission | 30,000 | 30,000 | 30,187 | 187 |
| Additional assistance preschool | 864,093 | 864,093 | 537,139 | (326,954) |
| Adult literacy | 82,515 | 82,515 | 67,511 | (15,004) |
| Special education-foster care | - | - | 5,898 | 5,898 |
| No loss funding | 943,780 | 943,780 | 1,333,381 | 389,601 |
| Virginia preschool initiative | - | - | 46,708 | 46,708 |
| Other state funds | 345,099 | 345,099 | 94,195 | (250,904) |
| Total categorical aid | <u>\$ 31,142,487</u> | <u>\$ 31,142,487</u> | <u>\$ 32,684,298</u> | <u>\$ 1,541,811</u> |
| Total revenue from the Commonwealth | <u>\$ 31,142,487</u> | <u>\$ 31,142,487</u> | <u>\$ 32,684,298</u> | <u>\$ 1,541,811</u> |
| Revenue from the federal government: | | | | |
| Categorical aid: | | | | |
| Basic Adult Education | \$ 308,892 | \$ 308,892 | \$ 332,099 | \$ 23,207 |
| Title I | 1,361,402 | 1,361,402 | 1,107,567 | (253,835) |
| Special Education | 1,148,127 | 1,148,127 | 972,584 | (175,543) |
| Title VI-B, preschool | 36,768 | 36,768 | 110,291 | 73,523 |
| Vocational education | 79,452 | 79,452 | 83,510 | 4,058 |
| School Food Program | 1,857,675 | 1,857,675 | 2,541,216 | 683,541 |
| Improving teacher quality | 170,140 | 170,140 | 351,277 | 181,137 |
| Title IV part A | 95,924 | 95,924 | 134,039 | 38,115 |
| 21st century grant | 2,377,100 | 2,377,100 | 1,810,788 | (566,312) |
| Rural and low income schools | - | - | 5,926 | 5,926 |
| Education stabilization funds | 9,096,292 | 9,096,292 | 6,571,462 | (2,524,830) |
| ARPA | - | - | 687,063 | 687,063 |
| Total categorical aid | <u>\$ 16,531,772</u> | <u>\$ 16,531,772</u> | <u>\$ 14,707,822</u> | <u>\$ (1,823,950)</u> |
| Total revenue from the federal government | <u>\$ 16,531,772</u> | <u>\$ 16,531,772</u> | <u>\$ 14,707,822</u> | <u>\$ (1,823,950)</u> |
| Total School Operating Fund | <u>\$ 56,361,747</u> | <u>\$ 56,361,747</u> | <u>\$ 56,652,223</u> | <u>\$ 290,476</u> |

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

Schedule 2
 Page 1 of 4

| <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 | \$ 182,700 | \$ 237,700 | \$ 371,472 | \$ (133,772) |
| General and financial administration: | | | | |
| County administrator | \$ 341,443 | \$ 359,443 | \$ 362,709 | \$ (3,266) |
| Independent auditor | 68,250 | 70,250 | 74,575 | (4,325) |
| Commissioner of the revenue | 330,936 | 415,936 | 419,786 | (3,850) |
| Real estate assessor | 112,370 | 112,370 | 109,548 | 2,822 |
| Treasurer | 414,869 | 449,664 | 455,508 | (5,844) |
| Auto decals | - | - | 1,171 | (1,171) |
| Procurement | 166,652 | 210,322 | 202,048 | 8,274 |
| Total general and financial administration | \$ 1,434,520 | \$ 1,617,985 | \$ 1,625,345 | \$ (7,360) |
| Board of elections: | | | | |
| Electoral Board | \$ 41,550 | \$ 126,550 | \$ 127,301 | \$ (751) |
| General Registrar | 116,023 | 162,523 | 164,005 | (1,482) |
| Total board of elections | \$ 157,573 | \$ 289,073 | \$ 291,306 | \$ (2,233) |
| Total general government administration | \$ 1,774,793 | \$ 2,144,758 | \$ 2,288,123 | \$ (143,365) |
| Judicial administration: | | | | |
| Courts: | | | | |
| Circuit Court | \$ 115,323 | \$ 115,323 | \$ 74,314 | \$ 41,009 |
| General District Court | 16,570 | 16,570 | 12,973 | 3,597 |
| Clerk's Office | 523,376 | 605,153 | 611,981 | (6,828) |
| Sheriff Courts | 1,159,603 | 1,221,103 | 1,244,098 | (22,995) |
| Victim and Witness Assistance | 59,370 | 66,648 | 62,001 | 4,647 |
| Law Library | - | - | 1,117 | (1,117) |
| Total courts | \$ 1,878,742 | \$ 2,032,097 | \$ 2,013,406 | \$ 18,691 |
| Commonwealth's attorney: | | | | |
| Commonwealth's Attorney | \$ 822,326 | \$ 913,838 | \$ 932,883 | \$ (19,045) |
| Total commonwealth's attorney | \$ 822,326 | \$ 913,838 | \$ 932,883 | \$ (19,045) |
| Total judicial administration | \$ 2,701,068 | \$ 2,945,935 | \$ 2,946,289 | \$ (354) |
| Public safety: | | | | |
| Law enforcement and traffic control: | | | | |
| Sheriff | \$ 2,429,878 | \$ 2,699,361 | \$ 2,803,692 | \$ (104,331) |
| Dare program | 3,000 | 3,000 | 382 | 2,618 |
| Total law enforcement and traffic control | \$ 2,432,878 | \$ 2,702,361 | \$ 2,804,074 | \$ (101,713) |
| Fire and rescue services: | | | | |
| Volunteer Fire Departments | \$ 292,100 | \$ 303,319 | \$ 303,319 | \$ - |
| Ambulance Rescue Squad | 190,875 | 197,375 | 197,270 | 105 |
| Total fire and rescue services | \$ 482,975 | \$ 500,694 | \$ 500,589 | \$ 105 |
| Correction and detention: | | | | |
| Operation of Jail | \$ 2,324,385 | \$ 2,324,385 | \$ 2,324,384 | \$ 1 |
| Probation Office | 208,261 | 208,261 | 178,406 | 29,855 |
| Total correction and detention | \$ 2,532,646 | \$ 2,532,646 | \$ 2,502,790 | \$ 29,856 |
| Inspections: | | | | |
| Building inspector | \$ 130,560 | \$ 130,560 | \$ 125,046 | \$ 5,514 |
| Total inspections | \$ 130,560 | \$ 130,560 | \$ 125,046 | \$ 5,514 |

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

Schedule 2
 Page 2 of 4

| <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) | | | | |
| Other protection: | | | | |
| Forestry Service | \$ 11,804 | \$ 11,804 | \$ 12,239 | \$ (435) |
| Enhanced 911 | 543,631 | 543,631 | 414,529 | 129,102 |
| Medical Examiner | 400 | 369,755 | 40 | 369,715 |
| Emergency Services | 109,456 | 109,456 | 93,722 | 15,734 |
| Animal Control | 80,300 | 113,800 | 114,051 | (251) |
| Total other protection | <u>\$ 745,591</u> | <u>\$ 1,148,446</u> | <u>\$ 634,581</u> | <u>\$ 513,865</u> |
| Total public safety | <u>\$ 6,324,650</u> | <u>\$ 7,014,707</u> | <u>\$ 6,567,080</u> | <u>\$ 447,627</u> |
| Public works: | | | | |
| Sanitation and waste removal: | | | | |
| Landfill | \$ 1,794,487 | \$ 2,430,487 | \$ 1,960,280 | \$ 470,207 |
| Litter Coordinator | - | 66,653 | 68,238 | (1,585) |
| Total sanitation and waste removal | <u>\$ 1,794,487</u> | <u>\$ 2,497,140</u> | <u>\$ 2,028,518</u> | <u>\$ 468,622</u> |
| Maintenance of general buildings and grounds: | | | | |
| General properties | \$ 931,030 | \$ 1,003,132 | \$ 893,248 | \$ 109,884 |
| Total public works | <u>\$ 2,725,517</u> | <u>\$ 3,500,272</u> | <u>\$ 2,921,766</u> | <u>\$ 578,506</u> |
| Health and welfare: | | | | |
| Health: | | | | |
| Health Department | \$ 369,175 | \$ 369,175 | \$ 369,695 | \$ (520) |
| Mental health and mental retardation: | | | | |
| Cumberland Mountain Community Services Board | \$ 40,000 | \$ 40,000 | \$ 39,996 | \$ 4 |
| Welfare: | | | | |
| Social services | \$ 5,202,835 | \$ 6,169,513 | \$ 5,505,709 | \$ 663,804 |
| Comprehensive Services Act | 1,720,700 | 1,720,700 | 1,434,696 | 286,004 |
| Appalachian Agency for Senior Citizens | 83,475 | 86,800 | 86,642 | 158 |
| Total welfare | <u>\$ 7,007,010</u> | <u>\$ 7,977,013</u> | <u>\$ 7,027,047</u> | <u>\$ 949,966</u> |
| Total health and welfare | <u>\$ 7,416,185</u> | <u>\$ 8,386,188</u> | <u>\$ 7,436,738</u> | <u>\$ 949,450</u> |
| Education: | | | | |
| Other instructional costs: | | | | |
| Contributions to County School Board | \$ 7,750,020 | \$ 7,750,020 | \$ 8,482,408 | \$ (732,388) |
| SVCC Contribution | 166,949 | 235,329 | 235,328 | 1 |
| Total education | <u>\$ 7,916,969</u> | <u>\$ 7,985,349</u> | <u>\$ 8,717,736</u> | <u>\$ (732,387)</u> |
| Parks, recreation, and cultural: | | | | |
| Parks and recreation: | | | | |
| Recreation Park | \$ 88,500 | \$ 88,500 | \$ 69,906 | \$ 18,594 |
| Conference Center | 66,213 | 66,478 | 64,540 | 1,938 |
| Fairground Project | - | 33,300 | 33,300 | - |
| Total parks and recreation | <u>\$ 154,713</u> | <u>\$ 188,278</u> | <u>\$ 167,746</u> | <u>\$ 20,532</u> |
| Library: | | | | |
| Public Library | \$ 357,443 | \$ 385,443 | \$ 391,680 | \$ (6,237) |
| Total parks, recreation, and cultural | <u>\$ 512,156</u> | <u>\$ 573,721</u> | <u>\$ 559,426</u> | <u>\$ 14,295</u> |
| Community development: | | | | |
| Planning and community development: | | | | |
| Planning Commission | \$ 17,000 | \$ 17,000 | \$ 11,700 | \$ 5,300 |
| Community Development | 23,250 | 36,250 | 28,923 | 7,327 |

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

Schedule 2
 Page 3 of 4

| <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) | | | | |
| Community development: (Continued) | | | | |
| Planning and community development: (Continued) | | | | |
| Industrial Development Authority | \$ 7,500 | \$ 7,500 | \$ 7,500 | \$ - |
| PSA Contributions | 369,233 | 612,939 | 702,079 | (89,140) |
| Cumberland Plateau | 35,000 | 35,000 | 35,000 | - |
| Regional Housing | 1,800 | 1,800 | - | 1,800 |
| Highway Safety Commission | 4,200 | 4,650 | 4,650 | - |
| Canneries | 25,000 | 35,350 | 35,571 | (221) |
| Tourism | 6,000 | 8,665 | 7,908 | 757 |
| Total planning and community development | <u>\$ 488,983</u> | <u>\$ 759,154</u> | <u>\$ 833,331</u> | <u>\$ (74,177)</u> |
| Environmental management: | | | | |
| Soil and Water Conservation | \$ 10,500 | \$ 10,500 | \$ 7,500 | \$ 3,000 |
| Cooperative extension program: | | | | |
| VPI Extension | \$ 69,376 | \$ 89,676 | \$ 72,827 | \$ 16,849 |
| Total community development | <u>\$ 568,859</u> | <u>\$ 859,330</u> | <u>\$ 913,658</u> | <u>\$ (54,328)</u> |
| Nondepartmental: | | | | |
| Nondepartmental | \$ 270,583 | \$ 583,800 | \$ 316,149 | \$ 267,651 |
| Total nondepartmental | <u>\$ 270,583</u> | <u>\$ 583,800</u> | <u>\$ 316,149</u> | <u>\$ 267,651</u> |
| Capital projects: | | | | |
| Courthouse restoration project | \$ 33,879 | \$ 3,685,892 | \$ 4,249,942 | \$ (564,050) |
| Other capital projects | - | 18,000 | 37,035 | (19,035) |
| Total capital projects | <u>\$ 33,879</u> | <u>\$ 3,703,892</u> | <u>\$ 4,286,977</u> | <u>\$ (583,085)</u> |
| Debt service: | | | | |
| Principal payments | \$ 1,669,592 | \$ 1,780,240 | \$ 1,860,240 | \$ (80,000) |
| Interest Expense | 450,736 | 619,442 | 647,911 | (28,469) |
| Total debt service | <u>\$ 2,120,328</u> | <u>\$ 2,399,682</u> | <u>\$ 2,508,151</u> | <u>\$ (108,469)</u> |
| Total General Fund | <u>\$ 32,364,987</u> | <u>\$ 40,097,634</u> | <u>\$ 39,462,093</u> | <u>\$ 635,541</u> |
| Special Revenue Funds: | | | | |
| Coal Road Fund: | | | | |
| Public works: | | | | |
| Maintenance of highways, streets, bridges and sidewalks: | | | | |
| Maintenance of highways, streets, bridges and sidewalks | \$ 125,000 | \$ 125,000 | \$ - | \$ 125,000 |
| Virginia coalfield | 25,000 | 84,159 | 225,158 | (140,999) |
| Total Coal Road Fund | <u>\$ 150,000</u> | <u>\$ 209,159</u> | <u>\$ 225,158</u> | <u>\$ (15,999)</u> |
| CARES Fund: | | | | |
| General government administration: | | | | |
| General and financial administration: | | | | |
| Other general and financial administration | \$ - | \$ 1,027 | \$ - | \$ 1,027 |
| Public safety: | | | | |
| Other protection: | | | | |
| Other protection | \$ - | \$ 18,175 | \$ - | \$ 18,175 |
| Public works: | | | | |
| Maintenance of general buildings and grounds: | | | | |
| General properties | \$ - | \$ 5,701 | \$ - | \$ 5,701 |
| Health and welfare: | | | | |
| Welfare: | | | | |
| Personnel costs | \$ - | \$ 147,390 | \$ 171,657 | \$ (24,267) |

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

Schedule 2
 Page 4 of 4

| <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 Funds: (Continued) | | | | |
| CARES Fund: (Continued) | | | | |
| Total CARES Fund | \$ - | \$ 172,293 | \$ 171,657 | \$ 636 |
| ARPA Fund: | | | | |
| General government administration: | | | | |
| General and financial administration: | | | | |
| Other general and financial administration | \$ - | \$ 311,696 | \$ 311,695 | \$ 1 |
| Public safety: | | | | |
| Law enforcement and traffic control: | | | | |
| Sheriff | \$ - | \$ 303,560 | \$ 286,089 | \$ 17,471 |
| Public works: | | | | |
| Sanitation and waste removal: | | | | |
| Litter Coordinator | \$ - | \$ 111,917 | \$ 62,579 | \$ 49,338 |
| Total ARPA Fund | \$ - | \$ 727,173 | \$ 660,363 | \$ 66,810 |
| Total Primary Government | \$ 32,514,987 | \$ 41,206,259 | \$ 40,519,271 | \$ 686,988 |
| Discretely Presented Component Unit - School Board: | | | | |
| School Operating Fund: | | | | |
| Education: | | | | |
| Administration of schools: | | | | |
| Administration and health services | \$ 2,365,846 | \$ 2,365,846 | \$ 2,429,513 | \$ (63,667) |
| Instruction costs: | | | | |
| Instructional costs | \$ 34,709,187 | \$ 34,709,187 | \$ 31,856,679 | \$ 2,852,508 |
| Technology | 1,849,260 | 1,849,260 | 2,844,183 | (994,923) |
| Total instruction costs | \$ 36,558,447 | \$ 36,558,447 | \$ 34,700,862 | \$ 1,857,585 |
| Operating costs: | | | | |
| Pupil transportation | \$ 2,854,283 | \$ 2,854,283 | \$ 3,495,925 | \$ (641,642) |
| Operation and maintenance of school plant | 12,733,788 | 12,733,788 | 9,178,011 | 3,555,777 |
| Food service and non-instructional | 1,901,883 | 1,901,883 | 2,266,928 | (365,045) |
| Facilities | - | - | 3,799,823 | (3,799,823) |
| Total operating costs | \$ 17,489,954 | \$ 17,489,954 | \$ 18,740,687 | \$ (1,250,733) |
| Total education | \$ 56,414,247 | \$ 56,414,247 | \$ 55,871,062 | \$ 543,185 |
| Debt service: | | | | |
| Interest and other fiscal charges | \$ - | \$ - | \$ 11,981 | \$ (11,981) |
| Total School Operating Fund | \$ 56,414,247 | \$ 56,414,247 | \$ 55,883,043 | \$ 531,204 |

Other Statistical Information

Table 1

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

| Fiscal Year | General Government Administration | Judicial Administration | Public Safety | Public Works | Health and Welfare (1) | Education | Parks, Recreation, and Cultural | Community Development | Interest on Long-Term Debt | Sewer Authority | Total |
|-------------|-----------------------------------|-------------------------|---------------|--------------|------------------------|---------------|---------------------------------|-----------------------|----------------------------|-----------------|---------------|
| 2021-22 | \$ 2,787,627 | \$ 2,904,085 | \$ 6,244,012 | \$ 4,049,727 | \$ 7,491,558 | \$ 10,503,873 | \$ 505,537 | \$ 885,795 | \$ 619,729 | \$ 299,989 | \$ 36,291,932 |
| 2020-21 | 1,877,921 | 2,024,412 | 6,455,538 | 3,844,745 | 9,078,839 | 7,311,793 | 601,351 | 2,647,011 | 304,508 | 317,087 | 34,463,205 |
| 2019-20 | 1,900,993 | 2,847,235 | 6,860,358 | 3,075,914 | 7,178,554 | 8,533,863 | 650,254 | 924,518 | 546,107 | 367,504 | 32,885,300 |
| 2018-19 | 1,955,177 | 2,461,521 | 6,222,716 | 3,217,305 | 8,165,010 | 6,531,101 | 548,374 | 935,883 | 487,606 | 351,058 | 30,875,751 |
| 2017-18 | 2,003,925 | 2,259,365 | 6,409,699 | 3,262,221 | 9,191,297 | 8,613,945 | 583,009 | 957,043 | 499,803 | 388,981 | 34,169,288 |
| 2016-17 | 2,085,083 | 2,290,688 | 6,395,713 | 3,152,142 | 9,535,001 | 9,519,958 | 552,562 | 992,839 | 515,428 | 454,634 | 35,494,048 |
| 2015-16 | 2,099,001 | 2,080,921 | 5,999,917 | 3,547,942 | 8,926,570 | 7,744,464 | 481,145 | 1,025,246 | 342,729 | 441,642 | 32,689,577 |
| 2014-15 | 1,772,163 | 1,945,227 | 6,352,397 | 3,725,640 | 8,115,359 | 7,596,324 | 514,678 | 1,023,371 | 385,445 | 430,426 | 31,861,030 |
| 2013-14 | 1,702,984 | 2,039,186 | 6,005,354 | 4,381,728 | 7,169,883 | 8,943,324 | 546,171 | 1,687,428 | 457,095 | 403,848 | 33,337,001 |
| 2012-13 | 1,269,473 | 2,097,469 | 5,908,601 | 4,592,807 | 8,285,584 | 7,484,972 | 529,959 | 2,173,719 | 498,401 | 441,349 | 33,282,334 |

(1) 2018-2019 the Workforce Investment Board became it's own entity, Southwest Virginia Workforce Development Board.

Table 2

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

| Fiscal Year | PROGRAM REVENUES | | | GENERAL REVENUES | | | | | | | Total |
|-------------|----------------------|------------------------------------|----------------------------------|----------------------------|-------------------|---|---------------|--|-----------------------|---------------|-------|
| | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | General Property Taxes (1) | Other Local Taxes | Unrestricted Revenue from use of Money and Property | Miscellaneous | Grants and Contributions Not Restricted to Specific Programs | Gain on Sale of Asset | | |
| 2021-22 | \$ 432,001 | \$ 10,908,468 | \$ - | \$ 12,256,262 | \$ 4,355,271 | \$ 116,235 | \$ 1,457,633 | \$ 2,253,930 | \$ 408,650 | \$ 32,188,450 | |
| 2020-21 | 586,742 | 13,856,417 | - | 17,403,606 | 3,370,558 | 176,347 | 153,770 | 2,274,529 | 6,391 | 37,828,360 | |
| 2019-20 | 519,382 | 9,864,066 | - | 17,746,273 | 3,035,109 | 184,588 | 333,504 | 2,403,842 | - | 34,086,764 | |
| 2018-19 | 497,780 | 10,134,066 | 50,000 | 17,541,471 | 3,250,496 | 282,315 | 210,687 | 2,422,355 | - | 34,389,170 | |
| 2017-18 | 546,610 | 11,391,778 | - | 17,446,217 | 3,390,189 | 254,538 | 233,890 | 2,340,315 | - | 35,603,537 | |
| 2016-17 | 414,700 | 11,862,113 | - | 17,065,361 | 3,297,225 | 185,677 | 91,300 | 2,493,045 | - | 35,409,421 | |
| 2015-16 | 430,589 | 10,616,989 | 61,200 | 15,198,122 | 3,781,925 | 223,008 | 180,343 | 2,501,627 | - | 32,993,803 | |
| 2014-15 | 468,117 | 9,648,228 | - | 15,762,013 | 4,635,427 | 257,108 | 226,621 | 2,553,497 | - | 33,551,011 | |
| 2013-14 | 445,727 | 8,991,231 | 320,311 | 15,749,617 | 4,873,857 | 359,952 | 86,115 | 2,562,116 | - | 33,388,926 | |
| 2012-13 | 398,711 | 9,822,073 | - | 14,686,993 | 5,079,612 | 45,865 | 60,479 | 2,580,839 | - | 32,674,572 | |

- 135 -

(1) For fiscal year 2021-22, the County increased allowance to write-off company taxes related to lawsuit.

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

| Fiscal Year | General Government Administration | Judicial Administration | Public Safety | Public Works | Health and Welfare (3) | Education (2) | Parks, Recreation, and Cultural | Community Development | Non-departmental | Debt Service | Total |
|-------------|-----------------------------------|-------------------------|---------------|--------------|------------------------|---------------|---------------------------------|-----------------------|------------------|--------------|---------------|
| 2021-22 | \$ 2,288,123 | \$ 2,946,289 | \$ 6,567,080 | \$ 3,146,924 | \$ 7,608,395 | \$ 57,893,595 | \$ 559,426 | \$ 913,658 | \$ 316,149 | \$ 2,508,151 | \$ 84,747,790 |
| 2020-21 | 1,932,060 | 2,558,146 | 6,961,369 | 2,911,781 | 8,788,395 | 48,428,709 | 538,806 | 2,706,439 | 942,681 | 1,787,375 | 77,555,761 |
| 2019-20 | 1,952,540 | 2,738,739 | 7,346,195 | 2,741,815 | 7,169,005 | 44,663,872 | 609,539 | 989,088 | 224,547 | 1,744,622 | 70,179,962 |
| 2018-19 | 2,153,583 | 2,680,600 | 7,267,404 | 2,893,513 | 8,302,729 | 43,224,697 | 543,499 | 959,458 | 421,793 | 2,066,840 | 70,514,116 |
| 2017-18 | 2,177,595 | 2,397,387 | 6,554,101 | 3,331,380 | 9,601,443 | 42,484,928 | 566,272 | 1,083,779 | 158,828 | 1,893,421 | 70,249,134 |
| 2016-17 | 1,829,925 | 2,326,471 | 7,012,800 | 3,480,788 | 9,950,089 | 40,397,495 | 522,426 | 1,008,002 | 147,991 | 1,935,190 | 68,611,177 |
| 2015-16 | 1,787,592 | 2,193,822 | 6,914,427 | 3,529,620 | 9,209,141 | 39,874,115 | 468,670 | 1,048,554 | 515,527 | 1,747,721 | 67,289,189 |
| 2014-15 | 1,717,342 | 2,011,601 | 6,839,477 | 3,962,315 | 8,354,018 | 39,320,723 | 480,741 | 1,046,895 | 112,482 | 1,946,577 | 65,792,171 |
| 2013-14 | 1,651,589 | 2,039,720 | 5,955,754 | 4,500,894 | 7,412,261 | 38,945,001 | 507,694 | 1,701,241 | 112,027 | 1,810,023 | 64,636,204 |
| 2012-13 | 1,797,929 | 2,096,382 | 5,742,101 | 4,744,331 | 8,334,736 | 40,161,416 | 488,706 | 2,283,910 | 423,737 | 2,869,820 | 68,943,068 |

(1) Includes General and Special Revenue funds of the Primary Government and the operating fund of its Discretely Presented Component Unit - School Board. Excludes Capital Projects.

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

(3) 2018-2019 the Workforce Investment Board became it's own entity, Southwest Virginia Workforce Development Board.

County of Russell, Virginia
General Governmental Revenues by Source (1)
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 |
|-------------|------------------------|-------------------|--|-----------------------|--|----------------------|---------------|-----------------|------------------------|---------------|
| 2021-22 | \$ 16,579,875 | \$ 4,355,271 | \$ 43,484 | \$ 10,279 | \$ 118,366 | \$ 2,198,574 | \$ 607,109 | \$ 1,453,739 | \$ 59,844,818 | \$ 85,211,515 |
| 2020-21 | 16,671,668 | 3,370,558 | 42,459 | 5,524 | 176,674 | 1,499,241 | 521,223 | 1,276,983 | 56,166,892 | 79,731,222 |
| 2019-20 | 16,065,093 | 3,035,109 | 47,900 | 6,885 | 182,583 | 698,549 | 520,344 | 2,048,827 | 47,792,348 | 70,397,638 |
| 2018-19 | 15,901,393 | 3,250,496 | 43,183 | 13,545 | 281,848 | 720,026 | 446,681 | 2,240,716 | 46,905,798 | 69,803,686 |
| 2017-18 | 16,390,872 | 3,390,189 | 68,668 | 16,708 | 259,642 | 710,045 | 534,953 | 1,531,418 | 46,735,222 | 69,637,717 |
| 2016-17 | 17,415,482 | 3,297,225 | 32,009 | 18,804 | 186,397 | 684,981 | 342,528 | 1,651,000 | 46,597,608 | 70,226,034 |
| 2015-16 | 15,071,101 | 3,781,925 | 30,258 | 14,136 | 223,772 | 676,644 | 426,624 | 1,607,321 | 44,977,461 | 66,809,242 |
| 2014-15 | 15,746,635 | 4,635,427 | 40,342 | 2,334 | 251,962 | 776,757 | 472,339 | 1,338,279 | 44,426,079 | 67,690,154 |
| 2013-14 | 16,011,500 | 4,873,857 | 40,292 | 31,151 | 352,852 | 803,470 | 307,398 | 1,121,491 | 41,977,914 | 65,519,925 |
| 2012-13 | 14,696,587 | 5,079,612 | 34,152 | 14,955 | 39,878 | 951,229 | 352,993 | 1,588,307 | 44,418,919 | 67,176,632 |

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

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

County of Russell, 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 |
|-------------|--------------------|-----------------------------|---------------------------|--------------------------------|-----------------------|--|-------------------------------------|---|
| 2021-22 | \$ 19,383,902 | 16,688,695 | 86.10% | \$ 888,027 | \$ 17,576,722 | 90.68% | \$ 9,786,415 | 50.49% |
| 2020-21 | 18,589,131 | 16,298,878 | 87.68% | 1,316,051 | 17,614,929 | 94.76% | 8,505,640 | 45.76% |
| 2019-20 | 18,740,791 | 15,990,742 | 85.33% | 1,141,973 | 17,132,715 | 91.42% | 7,729,993 | 41.25% |
| 2018-19 | 18,755,991 | 15,878,451 | 84.66% | 1,063,006 | 16,941,457 | 90.33% | 6,126,347 | 32.66% |
| 2017-18 | 17,975,777 | 16,002,677 | 89.02% | 1,377,820 | 17,380,497 | 96.69% | 4,476,207 | 24.90% |
| 2016-17 | 18,121,006 | 16,441,108 | 90.73% | 1,946,062 | 18,387,170 | 101.47% | 3,734,590 | 20.61% |
| 2015-16 | 17,361,249 | 14,744,908 | 84.93% | 1,312,236 | 16,057,144 | 92.49% | 4,096,565 | 23.60% |
| 2014-15 | 17,704,326 | 15,716,165 | 88.77% | 994,555 | 16,710,720 | 94.39% | 3,823,404 | 21.60% |
| 2013-14 | 17,616,878 | 16,022,072 | 90.95% | 895,532 | 16,917,604 | 96.03% | 3,914,585 | 22.22% |
| 2012-13 | 16,328,495 | 14,812,738 | 90.72% | 953,671 | 15,766,409 | 96.56% | 4,786,523 | 29.31% |

(1) Exclusive of penalties and interest.

(2) For fiscal year 2021-22, before property taxes related to lawsuit were written off.

Table 6

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

| Fiscal Year | Real Estate (1) | Personal Property | Machinery and Tools | Merchant's Capital | Mobile Homes | Public Service (2) | Total |
|-------------|------------------|-------------------|---------------------|--------------------|---------------|--------------------|------------------|
| 2021-22 | \$ 1,437,398,091 | \$ 362,600,380 | \$ 66,103,456 | \$ 7,795,479 | \$ 13,798,248 | \$ 313,809,472 | \$ 2,201,505,126 |
| 2020-21 | 1,436,230,815 | 351,564,264 | 59,279,207 | 8,983,665 | 15,425,782 | 325,134,394 | 2,196,618,127 |
| 2019-20 | 1,441,294,836 | 355,435,332 | 59,906,364 | 7,482,353 | 15,473,918 | 324,047,377 | 2,203,640,180 |
| 2018-19 | 1,425,907,354 | 340,126,676 | 54,399,602 | 5,701,488 | 21,270,790 | 251,848,360 | 2,099,254,270 |
| 2017-18 | 1,437,419,342 | 321,810,049 | 56,429,665 | 5,992,268 | 20,380,636 | 288,824,827 | 2,130,856,787 |
| 2016-17 | 1,424,285,595 | 327,638,704 | 57,050,690 | 5,716,770 | 20,726,176 | 265,575,303 | 2,100,993,238 |
| 2015-16 | 1,435,763,539 | 298,654,470 | 58,791,092 | 5,876,008 | 21,377,908 | 243,897,231 | 2,064,360,248 |
| 2014-15 | 1,426,948,990 | 300,976,802 | 71,451,300 | 6,084,205 | 21,500,580 | 240,244,298 | 2,067,206,175 |
| 2013-14 | 1,420,301,334 | 297,609,286 | 92,212,643 | 6,061,014 | 21,820,581 | 315,700,293 | 2,153,705,151 |
| 2012-13 | 1,323,141,655 | 292,809,049 | 86,317,454 | 5,631,601 | 23,486,868 | 230,027,520 | 1,961,414,147 |

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

(2) Assessed values are established by the State Corporation Commission-includes all property types.

Table 7

**County of Russell, Virginia
Property Tax Rates (1)
Last Ten Fiscal Years**

| Fiscal Year | Real Estate (2) | Personal Property | Machinery & Tools | Merchant's Capital | Mobile Homes |
|----------------|--------------------|----------------------|----------------------|-----------------------|-----------------|
| 2021-22 | \$ 0.63 | \$ 1.95 | \$ 1.95 | \$ 0.65 | 0.63 |
| 2020-21 | 0.63 | 1.95 | 1.95 | 0.65 | 0.63 |
| 2019-20 | 0.63 | 1.95 | 1.65 | 0.65 | 0.63 |
| 2018-19 | 0.63 | 1.95 | 1.65 | 0.65 | 0.63 |
| 2017-18 | 0.63 | 1.95 | 1.65 | 0.65 | 0.63 |
| 2016-17 | 0.63 | 1.95 | 1.65 | 0.65 | 0.63 |
| 2015-16 | 0.63 | 1.65 | 1.65 | 0.65 | 0.63 |
| 2014-15 | 0.63 | 1.65 | 1.65 | 0.65 | 0.63 |
| 2013-14 | 0.56/0.63 | 1.65 | 2.00 | 0.65 | 0.56 |
| 2012-13 | 0.70/0.56 | 1.65 | 1.65 | 0.65 | 0.70 |

(1) Per \$100 of assessed value.

(2) 2nd half due December/1st half due June of fiscal year.

Table 8

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

| Fiscal Year | Population (1) | Assessed Value (in thousands) (2) | Gross Bonded Debt (3) | Net Bonded Debt | Ratio of Net Bonded Debt to Assessed Value | Net Bonded Debt per Capita |
|----------------|----------------|---|-----------------------------|-----------------------|--|-------------------------------------|
| 2021-22 | 25,781 | \$ 2,196,618 | \$ 3,008,661 | \$ 3,008,661 | 0.14% | \$ 117 |
| 2020-21 | 25,781 | 2,196,618 | 3,806,495 | 3,806,495 | 0.17% | 148 |
| 2019-20 | 28,897 | 2,203,640 | 4,580,219 | 4,580,219 | 0.21% | 159 |
| 2018-19 | 28,897 | 2,099,254 | 4,975,292 | 4,975,292 | 0.24% | 172 |
| 2017-18 | 28,897 | 2,130,857 | 5,953,218 | 5,953,218 | 0.28% | 206 |
| 2016-17 | 28,897 | 2,100,993 | 6,906,780 | 6,906,780 | 0.33% | 239 |
| 2015-16 | 28,897 | 2,064,360 | 7,930,656 | 7,930,656 | 0.38% | 274 |
| 2014-15 | 28,897 | 2,067,206 | 8,951,609 | 8,951,609 | 0.43% | 310 |
| 2013-14 | 28,897 | 2,153,705 | 9,955,282 | 9,955,282 | 0.46% | 345 |
| 2012-13 | 28,897 | 1,961,414 | 10,865,788 | 10,865,788 | 0.55% | 376 |

(1) Bureau of the Census.

(2) Real property assessed at 100% of the fair market value.

(3) Includes all long-term general obligation bonded debt, bonded anticipation notes, and literary fund loans.

Excludes revenue bonds, landfill closure/post-closure care liability, capital leases, and compensated absences.

Table 9

County of Russell, Virginia
Ratio of Annual Debt Service Expenditures for General Bonded
Debt to Total General Governmental Expenditures (1)
Last Ten Fiscal Years

| Fiscal Year | Total Debt Service | Total General Governmental Expenditures | Ratio of Debt Service to General Governmental Expenditures |
|----------------|--------------------------|--|--|
| 2021-22 | \$ 2,508,151 | \$ 84,747,790 | 2.96% |
| 2020-21 | 1,787,375 | 77,555,761 | 2.30% |
| 2019-20 | 1,744,622 | 70,179,962 | 2.49% |
| 2018-19 | 2,066,840 | 70,514,116 | 2.93% |
| 2017-18 | 1,893,421 | 70,249,134 | 2.70% |
| 2016-17 | 1,935,190 | 68,611,177 | 2.82% |
| 2015-16 | 1,747,721 | 67,289,189 | 2.60% |
| 2014-15 | 1,946,577 | 65,792,171 | 2.96% |
| 2013-14 | 1,810,023 | 64,636,204 | 2.80% |
| 2012-13 | 2,869,820 | 68,943,068 | 4.16% |

(1) Includes all governmental funds of the Primary Government and funds of the Discretely Presented Component Unit-School Board.

COMPLIANCE SECTION



**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 Russell, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Russell, Virginia as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the County of Russell, Virginia's basic financial statements and have issued our report thereon dated August 2, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County of Russell, 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 the County of Russell, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of the County of Russell, Virginia's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2022-001 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Russell, 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 *Government Auditing Standards*.

County of Russell, Virginia's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on County of Russell, Virginia's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. County of Russell, Virginia's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

Polina, Fane, Cox Associates

Blacksburg, Virginia
August 2, 2023



**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 Russell, Virginia

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited County of Russell, 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 Russell, Virginia's major federal programs for the year ended June 30, 2022. County of Russell, 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 Russell, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 2, 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 Russell, 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 Russell, 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 Russell, 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 Russell, 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 Russell, 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 Russell, 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 Russell, 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 Russell, 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.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2022-002. Our opinion on each major federal program is not modified with respect to these matters. County of Russell, Virginia's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. County of Russell, Virginia's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

Report on Internal Control over Compliance (continued)

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.

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.

Polina, Fane, Cox Associates

Blacksburg, Virginia
August 2, 2023

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

| Federal Grantor/State Pass - Through Grantor/ Program Cluster or Title | Federal Assistance Listing Number | Pass-through Entity Identifying Number | Federal Expenditures |
|--|---|---|-------------------------|
| Department of Health and Human Services: | | | |
| Pass Through Payments: | | | |
| Department of Social Services: | | | |
| Guardianship Assistance | 93.090 | 1110121, 1110122 | \$ 319 |
| Title IV-E Prevention Program | 93.472 | 1140122 | 6,715 |
| Temporary Assistance for Needy Families | 93.558 | 0400121, 0400122 0950120 | 335,241 |
| Mary Lee Allen Promoting Safe and Stable Families Program | 93.556 | 0950121, 0950221 | 33,354 |
| Refugee and Entrant Assistance - State/Replacement Designee Administered Programs | 93.566 | 0500122 | 1,582 |
| Low-Income Home Energy Assistance | 93.568 | 0600420, 0600421 | 61,632 |
| Community-Based Child Abuse Prevention Grants | 93.590 | 9560121 | 985 |
| CCDF Cluster | | | |
| Child Care Mandatory and Matching Funds of the Child Care and Development Fund | 93.596 | 0760121, 0760122 | 75,456 |
| Stephanie Tubbs Jones Child Welfare Services Program | 93.645 | 0900121 | 840 |
| Foster Care - Title IV-E | 93.658 | 1100121, 1100122 | 478,168 |
| Adoption Assistance | 93.659 | 1120121, 1120122 | 683,758 |
| Social Services Block Grant | 93.667 | 1000121, 1000122 | 507,916 |
| John H. Chafee Foster Care Program for Successful Transition to Adulthood | 93.674 | 9150120, 9150121 | 8,546 |
| Children's Health Insurance Program | 93.767 | 0540121, 0540122 | 3,179 |
| Medicaid Cluster | | | |
| Medical Assistance Program | 93.778 | 1200121, 1200122 | 316,663 |
| Total Department of Health and Human Services | | | <u>\$ 2,514,354</u> |
| Department of Agriculture: | | | |
| Child Nutrition Cluster: | | | |
| Department of Agriculture: | | | |
| National School Lunch Program - Food Distribution (Note 3) | 10.555 | Not available | \$ 133,552 |
| Department of Education: | | | |
| National School Lunch Program | 10.555 | 41108, 40254, 41106 | 1,582,772 |
| School Breakfast Program | 10.553 | 41110, 40253 | 518,014 |
| Summer Food Service Program for Children | 10.559 | 60302, 60303 | 64,686 |
| Department of Education: | | | <u>\$ 2,299,024</u> |
| COVID-19 Pandemic EBT Administrative Costs | 10.649 | 86556 | 3,063 |
| Child and Adult Care Food Program | 10.558 | 70027, 70028, 86555 | 239,129 |
| Department of Social Services: | | | |
| SNAP Cluster | | | |
| State Administrative Matching Grants for the Supplemental Nutrition Assistance Program | 10.561 | 0010121, 0010122 0040121, 0040122 | 602,617 |
| Total Department of Agriculture | | | <u>\$ 3,143,833</u> |
| Department of Treasury: | | | |
| Direct Payments: | | | |
| COVID-19 - Coronavirus State and Local Fiscal Recovery Funds | 21.027 | Not applicable | \$ 709,700 |
| Pass Through Payments: | | | |
| Virginia Compensation Board: | | | |
| COVID-19 - Coronavirus State and Local Fiscal Recovery Funds | 21.027 | 2206FFARPA | 83,967 |
| Department of Education: | | | |
| COVID-19 - Coronavirus State and Local Fiscal Recovery Funds | 21.027 | 45277 | 687,063 |
| Department of Justice: | | | |
| COVID-19 - Coronavirus Relief Fund | 21.019 | SLT0022 | 11,454 |
| Total Department of Treasury | | | <u>\$ 1,492,184</u> |
| Department of Justice: | | | |
| Direct Payments: | | | |
| Equitable Sharing Program | 16.922 | Not applicable | \$ 38,920 |
| Pass Through Payments: | | | |
| Department of Criminal Justice Services: | | | |
| COVID Emergency Supplemental Funding Program | 16.034 | 20-A5108CE20 CESF | 95,265 |
| Violence Against Women Formula Grants | 16.588 | 22-R4705VA21 | 13,320 |
| Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | Not available | 4,802 |
| Crime Victim Assistance | 16.575 | 22-O1108VW19 | 40,090 |
| Total Department of Justice | | | <u>\$ 192,397</u> |
| Department of Education: | | | |
| Pass Through Payments: | | | |
| Department of Education: | | | |
| Adult Education - Basic Grants to States | 84.002 | 42801, 61111 | \$ 332,099 |
| Title I: Grants to Local Educational Agencies | 84.010 | 42901 | 1,107,567 |
| Special Education Cluster: | | | |
| Special Education - Grants to States | 84.027 | 43071 | 972,584 |
| Special Education - Preschool Grants | 84.173 | 62521 | 110,291 |
| Total Special Education Cluster | | | <u>1,082,875</u> |
| Career and Technical Education: Basic Grants to States | 84.048 | 60031, 61095 | 83,510 |
| Twenty-First Century Community Learning Centers | 84.287 | 60565 | 1,810,788 |
| Rural Education | 84.358 | 43481 | 5,926 |
| Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants) | 84.367 | 61480 | 351,277 |
| Student Support and Academic Enrichment Program | 84.424 | 60281 | 134,039 |

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

| Federal Grantor/State Pass - Through Grantor/ Program Cluster or Title | Federal Assistance Listing Number | Pass-through Entity Identifying Number | Federal Expenditures |
|---|---|---|-------------------------|
| Department of Education: (continued) | | | |
| Pass Through Payments: (continued) | | | |
| Department of Education: (continued) | | | |
| Elementary and Secondary School Emergency Relief Fund (CRRSA Fund) | 84.425R | 50195 | \$ 3,278,082 |
| Elementary and Secondary School Emergency Relief Fund (ESSERIII Fund) | 84.425U | 50193 | <u>3,293,380</u> |
| Total Department of Education | | | <u>\$ 11,479,543</u> |
| Department of Housing and Urban Development: | | | |
| Pass Through Payments: | | | |
| Department of Housing and Community Development: | | | |
| Community Development Block Grant/State's Program and Non-Entitlement Grants In Hawaii | 14.228 | CAMS 191436 | <u>\$ 110,951</u> |
| Institute of Museum and Library Services: | | | |
| Pass Through Payments: | | | |
| The Library of Virginia: | | | |
| Grants to States | 45.310 | 118106 | <u>\$ 6,244</u> |
| Total Expenditures of Federal Awards | | | <u>\$ 18,939,506</u> |

Notes to Schedule of Expenditures of Federal Awards:

Note 1 -- Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of County of Russell, Virginia under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of County of Russell, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of County of Russell, 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 Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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

(3) The County did not elect the 10% de minimis indirect cost rate because they only request direct costs for reimbursement.

Note 3 -- Food Distribution

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2022, Russell County, Virginia had food commodities totaling \$178,237 in inventory.

Note 4 -- Relationship to the 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 | \$ 3,465,402 | |
| Less: Asset forfeiture funds | (36) | |
| Plus: Equitable sharing program difference | 38,920 | |
| CARES Fund | 17,698 | |
| ARPA Fund | <u>709,700</u> | |
| Total primary government | <u>\$ 4,231,684</u> | |
| Component Unit School Board: | | |
| School Operating Fund | <u>\$ 14,707,822</u> | |
| Total expenditures of federal awards per the basic financial statements | <u>\$ 18,939,506</u> | |

County of Russell, Virginia
Schedule of Findings and Questioned Costs
For The Year Ended June 30, 2022

Section I - Summary of Auditors' Results**Financial Statements**

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

Federal Awards

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

Identification of major programs:

| CFDA # | Name of Federal Program or Cluster |
|---------------|---|
| 84.010 | Title I Grants to Local Educational Agencies |
| 84.027/84.173 | Special Education Cluster |
| 21.027 | COVID 19 - Coronavirus State and Local Fiscal Recovery Funds |
| 84.425 | COVID-19 Elementary & Secondary School Emergency Relief Funds (ESSER Funds) |

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